ELECON
GEARING THE FUTURE

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ISO 14001:2015
ISO 45001:2018
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ID 9105017019

6th June, 2023

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 : 63rd Annual Report of the Company for the Financial Year 2022-23
Ref : Regulation 34 of SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

In terms of the subject referred Regulation, we hereby submit the 63rd Annual Report of Elecon Engineering Company Limited for the Financial Year 2022-23. The 63rd Annual General Meeting (AGM) of the Company is to be convened on Wednesday, 28th June, 2023 at 3.00 p.m. (IST) through Video Conferencing ('VC')/ Other Audio Video Means ('OAVM').

Please note that the electronic copy of the 63rd Annual Report for the Financial Year 2022-23 alongwith the Notice of 63rd AGM and Business Responsibility & Sustainability Report (BRSR) is being sent by email to those Members whose email addresses are registered with the Company/Depositories. The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide relevant MCA Circulars and SEBI Circulars. The Notice of the 63rd AGM and the Annual Report 2022-23 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,

BHARTIBEN LALITKUMAR ISARANI

Digitally signed by BHARTIBEN LALITKUMAR ISARANI
DN: c=IN, o=Personal, postalCode=388001, st=Gujarat, serialNumber=F4C51B6318E6ACAB9D278CCF2D6CA7B880331CFFA3DA32BEF38E61C2C76BC835, cn=BHARTIBEN LALITKUMAR ISARANI
Date: 2023.06.06 18:38:16 +05'30'

Elecon Engineering Company Limited V.V. NAGAR

Bharti Isarani
Company Secretary & Compliance Officer

Encl.: As above

Gearing industries. Gearing economies.

ELECON ENGINEERING COMPANY LIMITED, Anand - Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, India. **Tel.:** +91-2692-238701, 238702. **Fax:** +91-2692-227484.
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Journey Towards Global Excellence

63rd
Annual Report
2022-23

ELECON
GEARING THE FUTURE

About Cover

Elecon Engineering Company Limited is one of Asia's largest industrial gear manufacturers and has established itself as a key supplier in the value chain of Material Handling Equipment. With world-class standards and a rich legacy of seven decades, Elecon has embarked on a journey of engineering excellence.

Our business model comprises comprehensive range of services, including Engineering Solutions, Product Sales and Services catering across industrial sectors. However, our vision extends beyond internal operations and the domestic market. We are actively seeking growth and opportunities beyond our immediate surroundings, with a focus on achieving global excellence.

By looking beyond boundaries, Elecon aims to tap into new markets, embrace diverse collaborations and adopt innovative strategies and technologies that transcend traditional limitations. This approach allows us to explore untapped markets, gain fresh insights and ideas, and attract talent from diverse backgrounds. By continuously pushing the boundaries, Elecon strives for sustainable growth and a competitive advantage in the global arena.

To achieve long-term success, Elecon embraces calculated risks and thinks outside the box. We understand that innovation, adaptability and a willingness to challenge the status quo are crucial qualities in a rapidly evolving business landscape.

By fostering a culture of creativity and embracing new possibilities, Elecon positions itself as a forward-thinking and visionary organization.

As an organizational prophecy, Elecon has played a significant role in the growth of the nation. Beyond our contributions to employment generation and the nation's GDP, we recognize the importance of corporate social responsibility (CSR). Elecon prioritizes CSR initiatives and actively reaches out to society through various social welfare programs.

These initiatives encompass areas such as education, healthcare, community development, environmental sustainability and empowering marginalized sections of society. By undertaking meaningful CSR initiatives, Elecon strives to create a positive impact on society and make a difference in the lives of people.

Elecon's commitment to engineering excellence, global growth and social responsibility reflects our unwavering dedication to creating a better future for the nation and the world. We are proud of our contributions and we remain steadfast in our pursuit of excellence and making a positive impact on society.

Contents

Board of Directors

Shri Prayasvin B. Patel
- Chairman & Managing Director

Shri Prashant C. Amin

Shri Pradip M. Patel

Shri Pranav C. Amin

Shri Jai S. Diwanji

Dr. Sonal V. Ambani

Shri Ashutosh A. Pednekar

Shri Aayush A. Shah

Chief Financial Officer
Shri Narasimhan Raghunathan

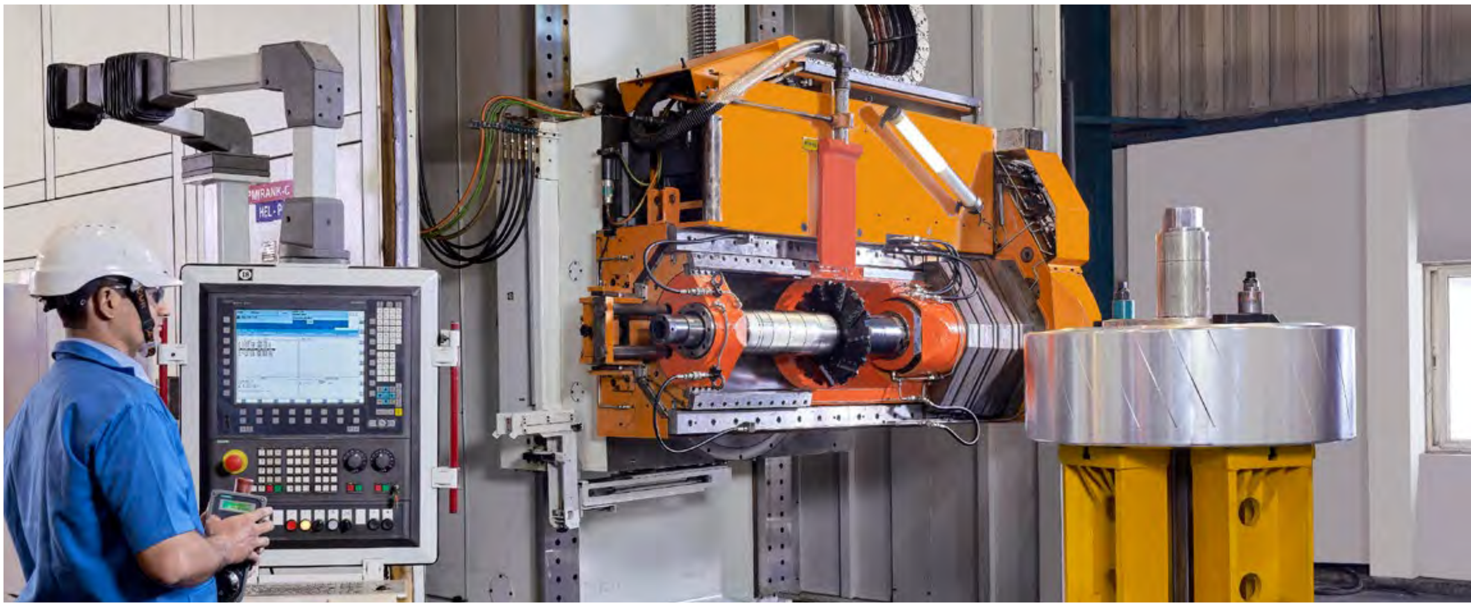
Company Secretary
Smt. Bharti Isarani

Auditors
M/S CNK & Associates LLP, Chartered Accountants

R & T Agent
Link Intime India Private Limited

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

Elecon at a Glance



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

Elecon Engineering Company Limited was incorporated as a Private Limited Company in January 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 Cement, Sugar, 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 overseas 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.

Ten Years at a Glance

Standalone (INR in Lakhs)

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Turnover	**1,19,699**	89,282	79,610	83,574	95,546	91,954	99,648	1,06,473	50,319	50,123
EBIDTA	**28,069**	18,423	14,381	10,530	11,349	10,936	15,580	14,237	10,650	10,007
PBT	**24,646**	12,361	5,828	128	2,786	509	5,247	6,123	4,765	3,895
PAT	**18,815**	9,552	3,626	7,242	1,207	808	2,106	3,651	3,319	2,743
Equity Dividend	**2,244**	1,571	449	-	224	224	560	1,200	1,198	1,089
Dividend%	**100%**	70%	20%	-	10%	10%	25%	55%	55%	50%
Net Worth	**1,07,782**	90,567	81,637	77,800	73,360	72,517	72,230	71,550	51,039	49,169
Key Indicators										
Basic Earnings Per Share (Rs.)	**16.77**	8.51	3.23	6.45	1.08	0.72	1.88	3.25	3.05	2.52
Debt Equity Ratio										
(Total Debt:Equity)	**0.02**	0.13	0.31	0.50	0.65	0.68	0.63	0.79	0.49	0.53
EBIDTA/Turnover %	**23.45**	20.63	18.06	12.60	11.88	10.94	15.64	13.37	21.16	19.97
Net Profit Margin%	**15.72**	10.70	4.56	8.67	1.26	0.88	2.11	3.43	6.60	5.47
Return On Net Worth%	**17.46**	10.55	4.44	9.31	1.65	1.11	2.92	5.10	6.50	5.58
Return On Capital Employed%	**22.82**	14.39	9.77	6.44	0.96	0.64	1.72	4.94	4.30	3.60

Consolidated (INR in Lakhs)

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Turnover	**1,52,968**	1,21,195	1,04,444	1,08,846	1,22,484	1,18,972	1,27,466	1,36,555	1,32,889	1,29,292
EBIDTA	**33,888**	24,644	18,534	14,038	13,970	11,333	15,992	16,083	16,956	14,955
PBT	**29,983**	17,053	8,129	1,951	8,826	562	4,386	5,961	3,393	2,938
PAT	**23,749**	14,049	5,763	8,970	7,010	760	1,075	3,737	1,634	1,373
Net Worth	**1,26,156**	1,03,492	90,127	83,470	74,559	58,780	60,660	59,110	53,557	53,209
Key Indicators										
Basic Earnings Per Share (Rs.)	**21.17**	12.52	5.14	7.99	6.25	0.67	0.96	3.33	1.50	1.26
Debt Equity Ratio										
(Total Debt:Equity)	**0.05**	0.14	0.36	0.54	0.71	0.83	0.82	0.79	1.03	1.19
EBIDTA/Turnover %	**22.15**	20.33	17.75	12.90	11.41	9.75	12.87	11.78	12.76	11.57
Net Profit Margin%	**15.53**	11.59	5.52	8.24	5.72	0.64	0.84	2.74	1.23	1.06
Return On Net Worth%	**18.83**	13.58	6.39	10.75	9.40	1.29	1.77	6.32	3.05	2.58
Return On Capital Employed%	**22.84**	16.92	11.29	7.02	0.51	0.06	0.83	2.82	1.52	1.19

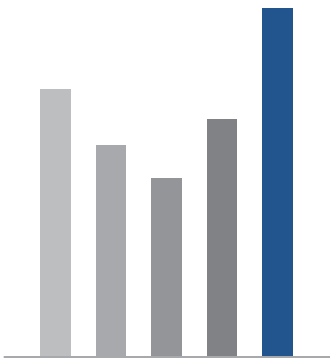
Financial details from FY17 onwards are as per IND AS.
Networth : Paid of Share Capital + Other Equity - Intangible Assets.
Total Debt represents Current Borrowings + Non Current Borrowings + Lease liabilities.
Return on Capital Employed is calculated as EBIT divided by Capital Employed whereby Capital Employed represents Total Equity + Borrowings + Deferred Tax liabilities and Earning Before Interest and Tax (EBIT) represents as Profit Before Tax+ Interest Expense.
Figures for previous years have been regrouped/reclassified wherever necessary.

Credit Rating Updates:

Current Rating - June, 2022 & Oct. 2022	Previous Rating - May, 2022	Previous Rating - September, 2021
[ICRA]A+ (Stable) and [ICRA]A1	BWR A - (Pronounced as BWR A Minus) (Outlook : Stable)	BWR A - (Pronounced as BWR A Minus) (Outlook : Stable)

Performance Indicators (Consolidated)

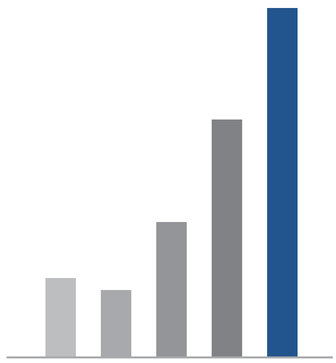
Revenue from Operations
₹ in Lakhs



2019 - 2023
26.22%
Increase from 2022

- ₹ 1,52,968 2023
- ₹ 1,21,195 2022
- ₹ 1,04,444 2021
- ₹ 1,08,846 2020
- ₹ 1,22,484 2019

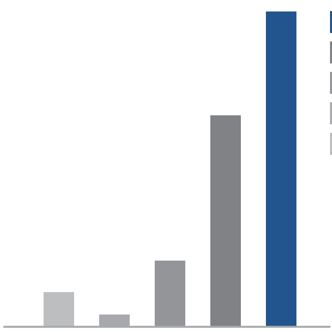
EBIDTA
₹ in Lakhs



2019 - 2023
37.51%
Increase from 2022

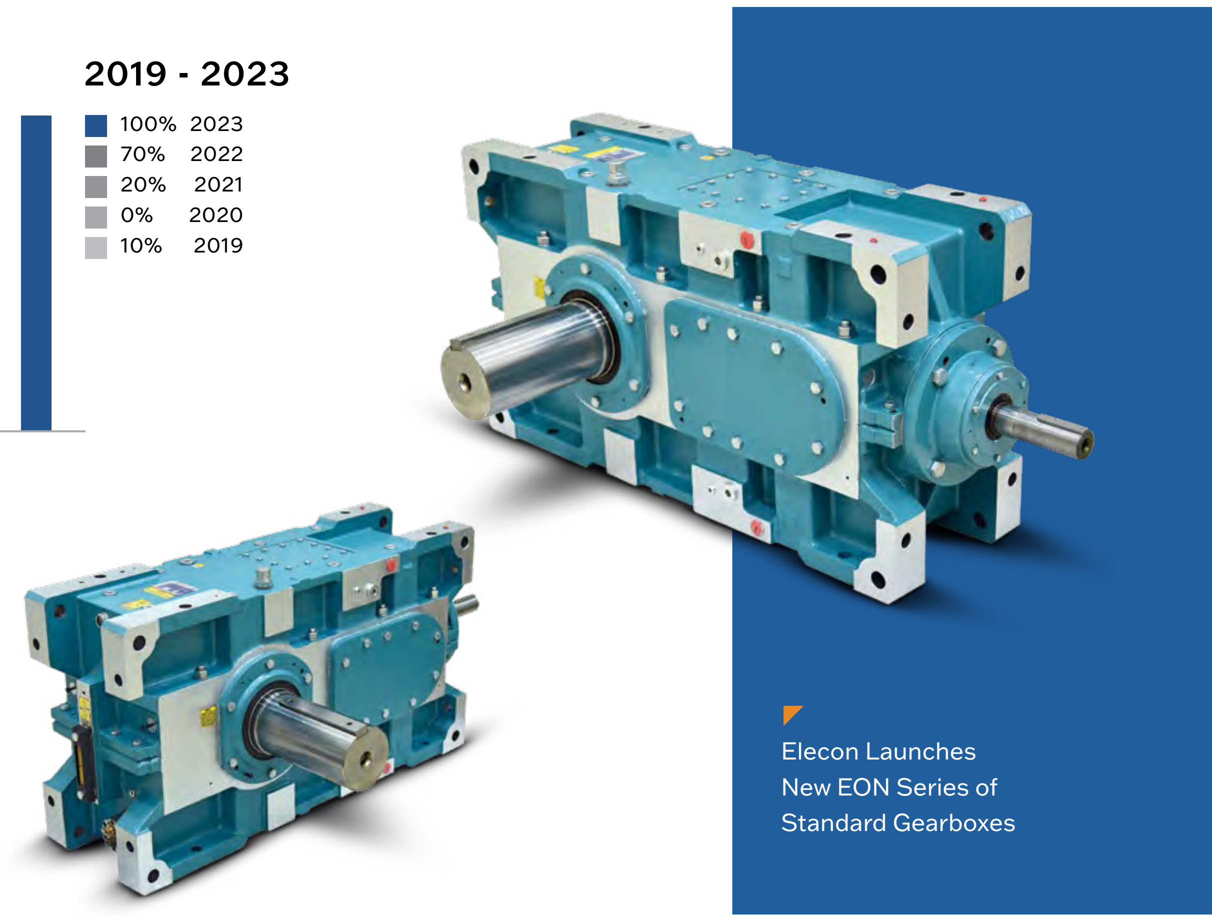
- ₹ 33,888 2023
- ₹ 24,644 2022
- ₹ 18,534 2021
- ₹ 14,038 2020
- ₹ 13,970 2019

Dividend
in %



2019 - 2023

- 100% 2023
- 70% 2022
- 20% 2021
- 0% 2020
- 10% 2019



Elecon Launches New EON Series of Standard Gearboxes

Management Insight

Despite the challenging external environment, Fiscal 2023 has been a very worthy year in terms of performance. FY23 has generated the highest Revenue & Profit in last 10 years. Gear Division maintained its growth momentum as we continued to capitalize on the strong external demand trends across end-user despite global macro headwinds. MHE Division witnessed a remarkable turnaround and back to normality after facing a lot of challenges. The benefits of shifting to a product-based business and exiting from troubled projects are evident in our strong financials. The government's increasing focus on the infrastructure sector is expected to lead to a pick-up in the capex cycle in the steel, cement, sugar and also in defence sectors, presenting opportunities for the company. Going forward, we are focusing on engaging with OEMs and strengthening distributor network in overseas market. Inflation and supply chain issues in the European market poses challenge and sustainability issues to the local players and puts us in an advantageous position to capitalize on this opportunity.

As a part of our strategy to further strengthen our global presence, we are committed to investing in global brand building exercise and substantial marketing initiatives in overseas market. Being a debt-free company, provides us with more flexibility to explore new geographies as part of our growth strategy in overseas market. We remain optimistic about the business and continue to focus on delivering operational excellence. Recently launched 2nd Generation of EON Series, a game-changing solution that will provide benefit both, our customer, as well as us, with improved operational efficiency, reduced operational costs, and inventory optimization.

In line with our ESG commitment, our unwavering dedication to ESG continues to be our top priority, as we strive to make a positive impact on all our stakeholders.

I would like to extend my sincere gratitude to all those who contributed to our success. Together, we hope to achieve an even brighter future not only in the domestic market, but also in the overseas market.

Prayasvin Patel - Chairman & Managing Director

Gear business continued to witness high demand from the Infrastructure Industry backed by some of their investment proposals. Elecon's focus on delivering the highest quality of services to our clients drove us towards New Product Development, which consequently helped us in widening our product portfolio. Elecon's unmatched technological know-how and R&D capabilities played a pivotal role in such developments.

In recognition of our unwavering focus and dedication to achieving excellence in quality and delivery, Elecon Engineering was awarded as one of the Top 10 Gears & Gearbox manufacturers by Industry Outlook. Elecon holds the top-most position in the customized and complex gearbox manufacturing segment for the defence sector, which is a matter of great pride for us and stands testimony to our technological capabilities and manufacturing excellence.

This year, we have focused on tapping the vast opportunities available in overseas business, meeting the demands of stringent quality and superior technology of the International Market with our products. We are confident of improved performance in the coming quarters on the back of sound order book both in the domestic and overseas business.

M. M. Nanda - Head Gear Division

The MHE business has witnessed a remarkable turnaround and become profitable due to strategic initiatives undertaken by the company. We continue to witness strong order inquiries which has translated into strong order book for the MHE division. Replacement and upgradation requirements along with new orders from Power and other end-user industries led to sustained order inflow.

Currently, Elecon has one of the largest range of products in the market with high visibility and a subsequent growing client base. We intend to add a few more products to be able to cater to other industries where we are not currently present. As such, we see tremendous potential for growth in the MHE division while maintaining a healthy margin. We are continuously pushing ourselves to provide more value to the client in terms of technological innovation and after-sales service. Overall, Elecon's focus on innovation, technology, and excellence positions us well for continued success and growth.

P. K. Bhasin - Head MHE division

We delivered strong performance in FY23 led by healthy momentum in the Gear business as well as significant turnaround in the MHE business. Despite headwinds in the global economy, we continue to surpass our revenue and earnings expectations. Our performance was driven by a combination of factors, including robust demand for our products and services, effective cost management and strategic & operational initiatives.

Standalone revenue increased by 34% YoY to ₹1,197 crores and PAT increased by 97% YoY to ₹188 crores while consolidated revenue increased by 26% YoY to ₹1,530 crores and PAT increased by 69% YoY to ₹237 crores. The consolidated revenue composition stands at 86% in Gear and 14% in MHE. Working capital management for inventory, receivables and payables was in constant focus during the year resulting in improvement of working capital days. Key ratios have improved under all parameters, along with our focus on cost control and ensuring better utilization of available capacity. There was a positive development in arbitration awards in favour of the company from its customers, some of which were settled amicably and some of the cases are under negotiation. All these initiatives have resulted in Net Cash surplus position.

I am happy to share that Elecon stock is included in MSCI India Domestic Small Cap Index and our company stands at #516 Rank as per NSE Top 2,000 companies' Market Cap Index as at March 31, 2023 as against #770 Rank as at March 31, 2022.

We continue to work towards strengthening our financial parameters and enhancing value for our stakeholders.

Narasimhan Raghunathan - Chief Financial Officer

Corporate Social Responsibility

Empowering India, enriching lives

At Elecon Engineering Co. Ltd., we firmly believe in our responsibility to positively impact the lives of individuals and communities around through our CSR division, EL Care & ELF (Elecon Ladies Forum). EL Care and ELF brand showcases their dedication by engaging in community-oriented projects which recognizes that sustainable development involves not only economic growth but also social and environmental factors.

The various CSR activities undertaken by Elecon:

Educational support through scholarships:

Education is the cornerstone of empowerment, and we have actively supported educational initiatives throughout the year. We have provided scholarships, infrastructure development support to schools to enhance access to quality education for deserving students. Elecon helps 60 BVM Engineering College students to choose their future by providing financial aid. Our aim is to create an environment where every individual has the opportunity to learn and grow.

Bhandaro Seva:

As part of our ongoing efforts to give back to the community, we host the ***"Bhandaro Seva"*** on most festivals and on significant occasions like Birth anniversary of our Founder, Late Shri. B. I. Patel, Late Smt. Madhuben Patel, Birthday of our CMD, Shri. Prayasvin Patel, wherein approx 4000 people are served by the Elecon family, from Chairman to contractual staff. We are

grateful to our volunteers and El Care members for their invaluable support, which enables us to organize these camps.

Employee Birthday Celebrations:

We believe in fostering a positive work culture that values our employees' well-being and

contributions. To celebrate the uniqueness of each individual, we introduced Employee Birthday Celebrations. This initiative aims to create a sense of belonging and appreciation within our workforce, recognizing the personal milestones of our employees and fostering a sense of camaraderie.

Elecon HR Parivar Ke Sath:

At Elecon, we firmly believe in fulfilling our societal obligations with a philanthropic spirit. We recognize the hardships faced by the surviving relatives of deceased contractual workers. In the unfortunate event of losing a contractual worker, Elecon extends support to the surviving family members. We understand the impact such a loss can have on their lives, both emotionally and financially.

Besides these activities we also believe in empowering women and creating opportunities for their personal and professional growth throughout the year. We undertake various initiatives to empower women in the surrounding villages by providing them with skill-training and employment opportunities.

In conclusion, we are proud of the progress we have made in empowering lives, supporting education, and promoting community welfare. Our commitment to the Elecon Values continues to guide our actions as we strive to make a positive and lasting impact.

Blood donation camp at Elecon

Gear Division

Planetary Gearbox Assembly for Vertical Roller Mill Gearbox

Manufacturing Strengths

The year 2022-23 started on a strong platform set by 2021-22 and used it as a launch pad to excel further. Elecon spreaded its wings in every nook and corner of the industries whoever consumes Gearbox and allied equipment. Elecon's healthy order board suitably explored its robust manufacturing facility and went on delivering to the utmost customer satisfaction. Traditionally core industry sectors remained as the bulk consumer of Elecon products.

Elecon's state of the art Vallabh Vidyanagar plant rose in the occasion and served the market. It's robust manufacturing capacity practically remained further hungry for more orders which shall definitely be utilised in subsequent years. Year passed in a smooth order execution path wherein factory delivering more than the demand.

Elecon's manufacturing excellence was felt everywhere from small gearbox to the mammoth sized one encompassing almost all the probable industries. This was only possible due to its modern small and medium Gearbox parts manufacturing (namely Bhanubhai Memorial Centre of Excellence) factory complemented with automated assembly cum testing centre. Elecon's optimised infrastructure together with availability of skilled manpower and proven technology and uncompromising quality standard put Elecon at the highly desirable position amongst a wide cross section of customers. Elecon's quality and environmental consciousness are reflected in its ISO 9001:2015, BS OHSAS 18001:2007 & ISO 14001:2015 accreditations.

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

Cement & Power, Rolling Mill Pinion Stands, and Sugar Mill Planetary Drives.

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

Growth Drivers

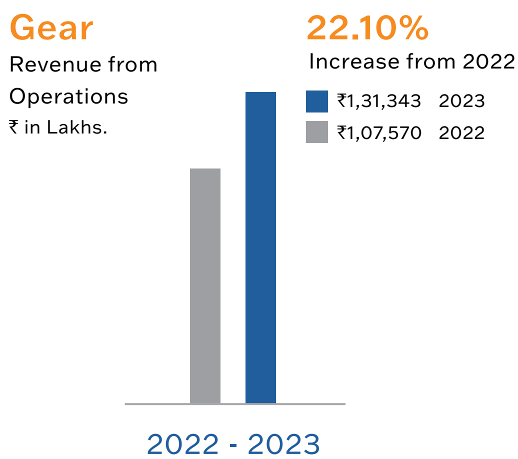
Growing industry demand for Gearboxes were well felt in Elecon throughout the year 2022-23.

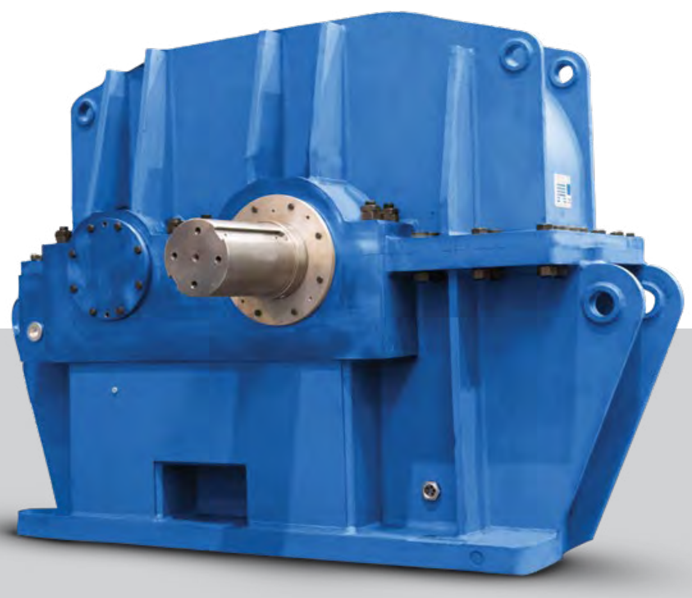
Elecon also stood on the occasion and met the customer expectations working at more than normal efficiency level. Finally the year ended with Elecon set some new milestone for themselves.

Sugar Mill Planetary Drives, Large Sponge Iron Drive packages, Rolling Mill Pinion Stand Gearboxes, Roller Press and Ball Mill Drives for Cement, Power & Mineral plants and finally Marine Gears for Naval Warships are some of the drivers for the growth.

Elecon have always in look out of the development opportunities in Mechanical Power Transmission Drives. Elecon's leadership is further established when renowned Steel manufacturing company from United Kingdom or Cement company from South America come to Elecon for their critical Gearbox need apart from thousand other customers across the globe.

Revenue from Operations Gear Division ₹1,31,343 Lakhs In 2022-23





10 MW High Speed Gearbox for Steam Turbine

Material Handling Equipment Division

Barrel Type Blender Reclaimer - having 40 meters of rail span, design capacity 1650 TPH at TATA STEEL LTD, Jamshedpur

Manufacturing Strengths

- Elecon is endowed with expertise in Bulk Material Handling equipment 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.
- When 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 been growing manifold, making available an enviable range of products with global footprint to the industries.
- 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:

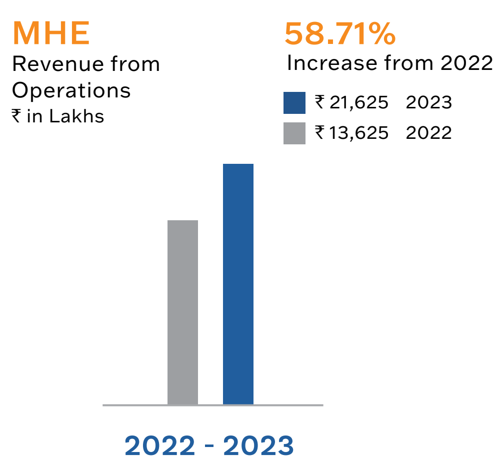
- Elecon managed to complete the Coal Handling Plant at NTPC Mouda by overcoming various problems with determination and focus.
- We have successfully completed 100% indigenous Urea bagging plant at RFCL, Ramagundam.

- We have executed the Order for Wagon tippler with associated equipment for third time consecutively from Paradip Port Authority by replacing the old tippler. The said project is commissioned and is under operation.
- We have successfully commissioned 2 sets of Wagon Tippler for M/s. BHEL at Wanakbori TPS, GSECL, Gujarat.
- We are about to close the Order from Singareni Collieries for Relocatable conveyors for their mines located in the Ramagundam area. No-load trails of the conveyors are successfully achieved and about to commission with load in Q1 of FY23-24.
- We have successfully completed Order from SAIL Durgapur for Barrel Reclaimer for their Plant. The said machine has been commissioned in June 2022 & since then it is under commercial operation.
- We have also received the order from SAIL Burnpur for similar Barrel Reclaimer in FY 22-23. The supply & installation is completed and the machine is likely to be commissioned in Q1 of FY23-24.
- We have successfully completed the orders from Shree cement for Jharkhand & Maharashtra plants and the Wagon Tipplers with associate marshalling equipments are commissioned.
- We received the order for supply & erection of Stacker Reclaimer from M.P. Power which is under execution and completion is targeted in May 2024 as per contract schedule.
- 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 Wonder Cement, Chettinad Cement, PMC cement, Dalmiya cement, Birla Corporation etc. and the projects awarded to Elecon are being executed as per their required timeline and quality standards.
- We are also executing a few machine orders from Private players.
- Major significant improvement has been achieved by MHE division in this FY in terms of reduction in Company's liability of Bank Guarantee exposure. Nearly 50% in value has been reduced.

Growth Drivers

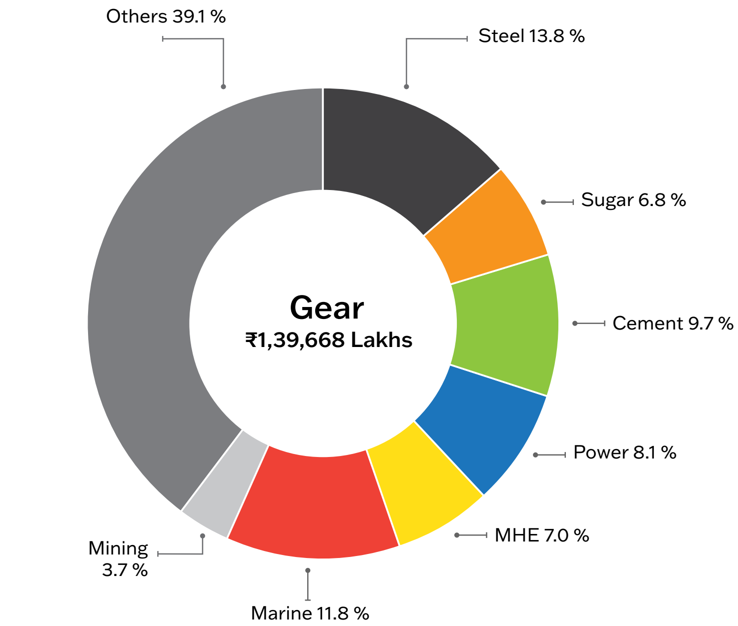
- Diversification of the business by venturing in to new areas gave us exposure to new material handling requirements such as FGD packages, Health and life study of equipment / system and providing R&M solution to various customers.
- Considering that approval for commercial mining and allotment of various 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.

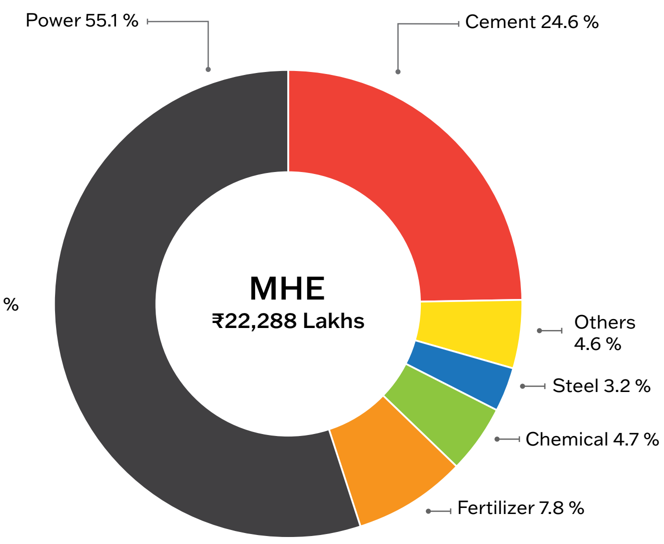
Revenue from Operations MHE Division ₹21,625 Lakhs In 2022-23



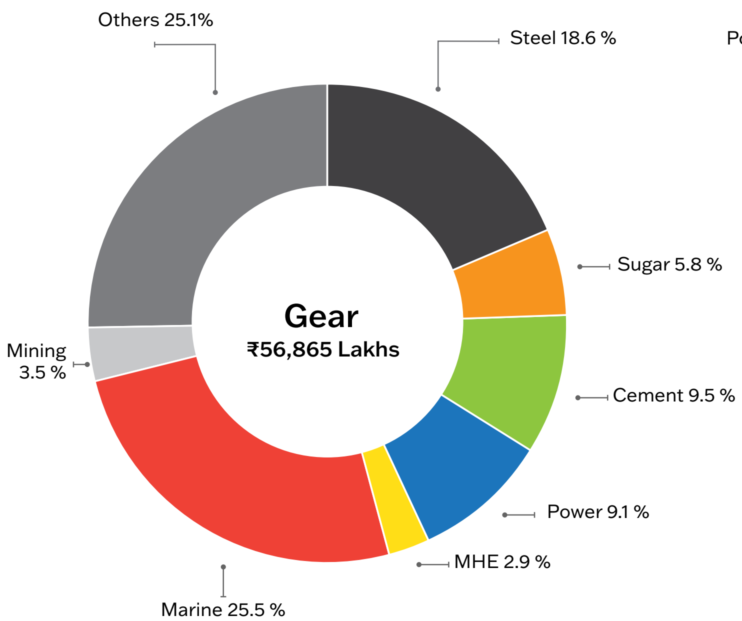
Industry-wise consolidated order analysis

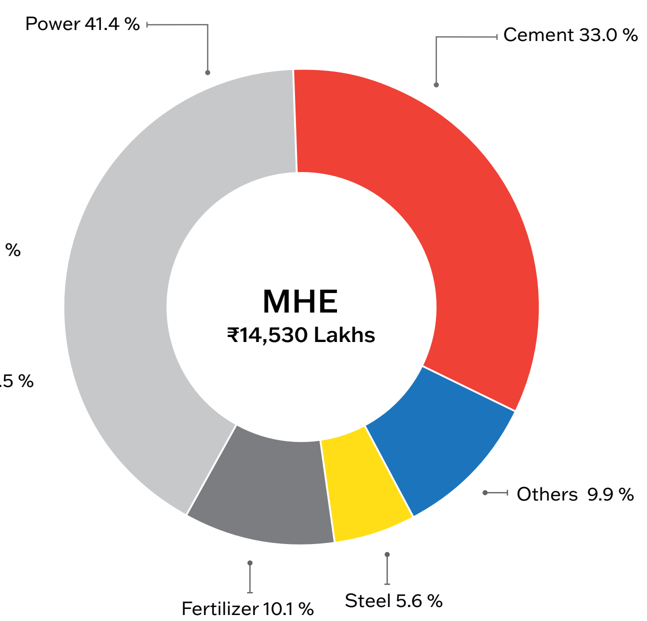
Order Book in FY23





Order in hand as at 31st March, 2023





Board's Report

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

Dear Members,

Your Directors have pleasure in presenting this 63rd Annual Report together with the Audited Financial Statements for the financial year ended on 31st March, 2023.

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 31st March, 2023, the Company has achieved a Turnover of ₹1,19,699.24 Lakhs as against ₹89,281.67 Lakhs in the previous year.

For the year ended on 31st March, 2023, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹28,069.02 Lakhs as against the EBIDTA of ₹18,422.51 Lakhs during the previous year.

The Net Profit after tax of the Company for the financial year 2022-23 was ₹18,814.88 Lakhs compared to ₹9,551.78 Lakhs during the previous year.

The Company holds total unexecuted orders about ₹63,443 Lakhs (₹48,913 Lakhs for Gear Division and ₹14,530 Lakhs of MHE Division) as on 31st March, 2023. This will help us to continue to have sustainable growth in coming years.

Consolidated Operations

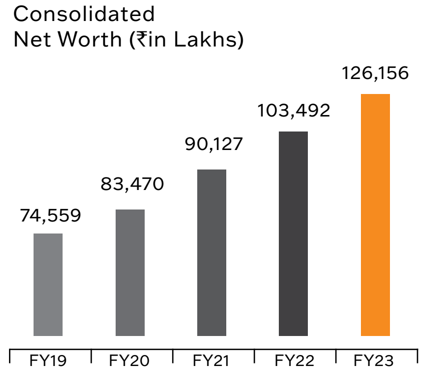
Your Company's total consolidated turnover for the year ended on 31st March, 2023 was ₹1,52,968.21 Lakhs as against ₹1,21,194.58 Lakhs for previous year.

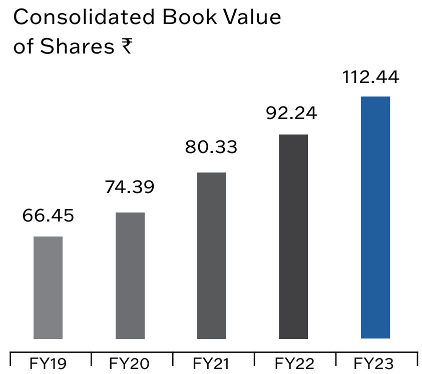
For the year ended on 31st March, 2023, the Company has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) of ₹33,887.54 Lakhs as against the EBIDTA of ₹24,643.98 Lakhs during the previous year.

The Consolidated Net Profit after tax of the Company for the financial year 2022-23 was

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2023	31.03.2022	**31.03.2023**	31.03.2022
Turnover	**1,19,699.24**	89,281.67	**1,52,968.21**	1,21,194.58
Profit Before Tax, Finance Cost, Depreciation & Amortization and Adjustments for previous year (EBIDTA)	**28,069.02**	18,422.51	**33,887.54**	24,643.98
Add: Other Income	**1,634.92**	955.67	**2,005.91**	856.19
EBIDTA (Including other income)	**29,703.94**	19,378.18	**35,893.45**	25,500.17
Less : Finance Cost	**1,129.73**	3,191.74	**1,331.22**	3,734.12
Depreciation & Amortization	**3,928.36**	3,825.19	**4,903.93**	4,857.64
Profit before share of equity accounted investee and tax	**24,645.85**	12,361.25	**29,658.29**	16,908.41
Share of Profit of Associates	**-**	-	**324.50**	144.23
Profit Before Tax	**24,645.85**	12,361.25	**29,982.79**	17,052.64
Less: Provision for Tax	**6,298.94**	2,850.00	**6,691.82**	3,057.15
Deferred Tax	**(119.02)**	(163.90)	**(115.77)**	(177.13)
Short/(Excess) Prov. of earlier years	**(348.95)**	123.37	**(342.61)**	123.37
Profit After Tax	**18,814.88**	9,551.78	**23,749.35**	14,049.25
Add:				
Other comprehensive income	**(62.85)**	(284.79)	**708.61**	(501.51)
Previous Year Balance Brought Forward	**36,557.97**	25,239.78	**55,330.56**	39,731.62
PROFIT AVAILABLE FOR APPROPRIATION	**55,310.00**	34,506.77	**79,788.53**	53,279.36
APPROPRIATIONS:				
Dividend Paid	**1,570.80**	448.80	**1,570.80**	448.80
Transfer to Retained Earning	**-**	(2,500.00)	**-**	(2,500.00)
Transfer to General Reserve	**-**	-	**-**	-
Transfer to Reserve (Merger)	**-**	-	**-**	-
Balance Carried Forward	**53,739.20**	36,557.97	**78,217.73**	55,330.56





₹23,749.35 Lakhs compared to ₹14,049.26 Lakhs during the previous year.

During the year under review, your Company's consolidated net worth is ₹1,26,156.14 Lakhs as against ₹1,03,492.47 Lakhs for previous year.

The Company holds total unexecuted orders about ₹71,395 Lakhs (₹56,865 Lakhs for Gear Division and ₹14,530 Lakhs of MHE Division) as on 31st March, 2023. This will help us to continue to have sustainable growth in coming years.

Dividend

Your Directors have recommended Final Dividend of ₹2.00/- (i.e. 100%) per Equity Share of ₹ 2.00/- each for the financial year ended on 31st March, 2023 (previous year ₹1.40 per share). The said dividend, if approved by the shareholders, would involve a cash outflow of ₹2,244.00 Lakhs, against ₹1,570.80 lakhs dividend in the previous year.

The dividend recommended is in accordance with the Company's Dividend Distribution Policy. As required under the Regulation 43A of the Listing Regulations, the Company has a Policy on Dividend Distribution. The Dividend Distribution Policy of the Company can be accessed at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Dividend-Distribution-Policy.pdf

During the year under review, the unclaimed dividend pertaining to the financial year 2014-15 has been transferred to the Investor Education & Protection Fund.

Transfer to Reserves

The Board of Directors has decided to retain the entire amount of profit for financial year 2022-23 in the statement of profit and loss

Share Capital

The paid up Equity Share Capital as on 31st March, 2023 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.

Borrowings

Working Capital Borrowings:

Continuous monitoring and review of the receivables, inventories and other working capital parameters helped the Company reducing working capital borrowings to NIL as at 31st March, 2023 from ₹7,425.46 lakhs as at 31st March, 2022. Further, the Company is working on effective Supply Chain Management to optimize overall working capital flow in the Company.

Cash and Cash Equivalent as at 31st March, 2023 was ₹2,446.65 Lakhs.

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

Fixed Deposits

The Company has not accepted any fixed deposits and there is no unpaid/unclaimed deposits as on 31st March, 2023.

Particulars of Loans, Guarantees or Investments

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

Directors & Key Managerial Personnel (KMPs)

Re-appointment of Director

The term of appointment of Shri Prayasvin B. Patel, Chairman & Managing Director of the Company will be completed on 30th June, 2023. The Board of Directors at their Meeting convened on 25th April, 2023 approves his re-appointment and remuneration for the term of three years with effect from 1st July, 2023 subject to the approval of the shareholders at the ensuing General Meeting.

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 63rd Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

The Board recommends his appointment for your approval.

New Appointment

Shri Aayush Shah (DIN: 07140517), was appointed as an Additional Director (Non-Executive and Non-Independent) of the Company effective from 25th April, 2023 subject to the approval of the shareholders at the ensuing 63rd Annual General Meeting of the Company. He is Mechanical Engineer from Georgia Institute of Technology, USA. He is having more than 2 years of experience in the domain of Managing Business Unit, Operations Management, Strategic Planning & Budgeting, Process Improvement, Project Management and Business Turn around. Presently, he is actively performing his duties as an Executive Director of Power Build Private Limited.

In the opinion of the Board, he has strong operational, personal and social networking, good understanding of multicultural business challenges, detailing, analytical and common sense approach. He is a strong believer in technology and continuous improvements, customer engagement and innovations which will be beneficial to the Company. The Board recommends his appointment to the shareholders. The notice convening the 63rd Annual General Meeting forming part to this annual report sets out the details.

In terms of Section 152 and other applicable provisions of the Companies Act, 2013, Shri Aayush Shah (DIN: 07140517) shall be appointed as an Additional Director (Non-Executive and Non-Independent) from the date of 25th April, 2023 subject to approval of the shareholders at the ensuing 63rd Annual General Meeting of the Company and shall be liable to retire by rotation.

Members' approval for his appointment as a Non-Executive and Non-Independent Director, under Sections 152 of the Companies Act, 2013 and under Listing Regulations has been sought in the Notice convening the 63rd 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 Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. Further, the

Nomination & Remuneration Committee has carried out the performance evaluation of Senior Management including the Company Secretary and Chief Financial Officer of the Company. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report which forms part of this report.

Meetings

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

Composition of Various Committees

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

Independent Directors

The Independent Directors met on 27th January, 2023 without attendance of Non-Independent Directors and Members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

Familiarization Programme for Independent Directors

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

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

Nomination and Remuneration Policy

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

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

The salient features of the Nomination and Remuneration Policy of the Company has been disclosed in the Corporate Governance Report, which is a part of this report. The said Policy is available on the Company's website on https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Nomination%20&%20Remuenration%20Policy%20-25.04.2023.pdf

Disclosures by Directors

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

Directors' Responsibility Statement

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

Statement, the Board of Directors, hereby confirm that:

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

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

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

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

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

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

Related Party Transactions

All contracts or arrangements with related parties, entered during the financial year were at arm's length basis and in the ordinary course of the Company's business. All such contracts or arrangements were entered into 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/RPT-Policy-2022-FINAL.pdf

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

Auditors

Statutory Auditors

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

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

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Cost Audit records maintained by the Company in respect of its manufacturing activity are required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. Ketki D. Visariya & Co., Cost Accountants as a Cost Auditors to audit the cost accounts of the Company for the financial year ended on 31st March, 2024 on a remuneration of ₹1,70,000/- p.a. as required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. Ketki D. Visariya & Co., Cost Auditors is included in the Notice convening the 63rd Annual General Meeting.

The Cost Audit Report provided by the previous cost auditors of the Company i.e. M/s. Y. S. Thakar & Co., for the year 2021-22 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 2022-23. The Report on the Secretarial Audit carried out by the Secretarial Auditor i.e. CS Ashwin Shah, Practicing Company Secretary during the Financial Year 2022-23 is annexed herewith as **"Annexure A"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Further, your Directors have on the recommendation of the Audit Committee appointed M/s. Samdani Shah & Kabra, Vadodara, Practicing Company Secretary, as a Secretarial Auditors of the Company to undertake the Secretarial Audit of the Company and provide Annual Secretarial Compliance Report for the Financial Year 2023-24.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year 2022-23 for all applicable compliances as per Listing Regulations and Circulars/Guidelines issued by SEBI from time to time. The Annual Secretarial Compliance Report for abovesaid financial year has been submitted to the stock exchanges within 60 days of the end of the said financial year.

Subsidiary, Joint Venture & Associate Companies

As on 31st March, 2023, 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 there under and Listing Regulations, 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 forms part of the Annual Report.

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

Total Income of the Benzlers Radicon Group has increased by 10% to GBP 33.62 Million in current year compared to GBP 30.61 Million in previous year. EBITDA excluding other income decreased to GBP 4.74 Million in current year compared to GBP 4.95 Million in previous year. The Company has made a Profit before Tax for GBP 3.78 Million in Current Year compared to Profit before Tax of GBP 3.56 Million in previous year. The Company has achieved the profitability by cost rationalization coupled with change in strategy of optimization.

Benzlers Group (Consolidated)

It has witnessed an increase in Sales Revenue by 1% to GBP 14.1 Million in current year compared to GBP 13.9 Million in previous year. The Company's EBITDA Margin is GBP 2.37 Million in current year compared to GBP 2.06 Million in previous year. Profit before tax and exceptional income has increased to GBP 2.32 Million compared to GBP 1.67 Million in previous year. The Company has achieved the profitability by cost rationalization coupled with change instrategy of optimization.

Radicon Transmission UK Limited

The Sales Revenue for the year has increased by 13% to GBP 11.47 Million compared to GBP 10.15 Million in previous year. EBITDA Margin has increased to GBP 1.68 Million compared to GBP 1.43 Million in previous year. Profit before Tax is GBP 1.13 Million in current year compared to GBP 0.67 Million in previous year.

Radicon Drive Systems, Inc

It has witnessed an increase in Sales Revenue by 23% to GBP 9.14 Million in current year compared to GBP 7.40 Million in previous year. EBITDA increased with current year at GBP 1.86 Million, compared with previous year of GBP 1.51 Million. Generating a Profit before Tax of GBP 1.43 Million in current year compared to GBP 0.97 Million in previous year. The Company has achieved the profitability by cost rationalization coupled with change in strategy of optimization.

Elecon Singapore Pte. Limited

During the year under consideration revenue of Elecon Singapore Pte. Ltd., has increased by 22% from USD 2.34 million FY 2021-22 to USD 2.85 million FY 2022-23. EBITDA has increased by 63% from 0.11 million FY 2021-22 to USD 0.18 million FY 2022-23.

Elecon Middle East FZCO, Dubai

During the year, total revenue of Elecon Middle East FZCO has increased by 5.42 %, from AED 26.96 million FY 2021-22 to AED 28.42 million FY 2022-23. Increase in EBITDA by 22% from AED 4.68 million FY 2021-22 to AED 5.73 million FY 2022-23.

Financial Performance - Associate

Eimco Elecon (India) Limited (EEIL)

During the year, EEIL has achieved a Turnover of ₹17,269.70 Lakhs for year ended on March 31st, 2023 as against ₹8,444.37 Lakhs in the previous year. For the year ended on March 31st, 2023, EEIL has achieved Earnings Before Interest (Finance Cost), Depreciation & Amortization and Tax (EBIDTA) including other income of 3,310.46 Lakhs as against the EBIDTA of ₹1,839.85 Lakhs during the previous year.

Vigil Mechanism / Whistle Blower Policy

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

The Vigil Mechanism/Whistle Blower Policy is available on Company's website at https://www.elecon.com/views/templates/admin-uploads/Investors/whistle-blower-policy/Elecon-Whistle-Blower-Policy-2022-new.pdf

Corporate Governance

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

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

Corporate Social Responsibility (CSR) Initiatives

In accordance with the provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, your Company has already amended it's policy on the recommendation of the Members of the CSR Committee and with the approval of the Board. The CSR policy may be accessed on the Company's Website at the https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Index-CSR%20Policy-05.05.2021-30.08.2021.pdf

The Compo-sition 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 B"**, forming part of this report.

Board Diversity

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

Significant and Material Orders passed by the Regulators or Courts

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

Material Changes and Commitments

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

Reporting of Frauds

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

Risk Management

Being one of the top 1000 Listed Company, the Company has implemented Risk Management System. The Board of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The said committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the areas of financial risks and controls. The details pertaining to the composition of the Risk Management Committee are included in the Corporate Governance Report, which is a part of this report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

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

Particulars of Employees

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

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 write to the Company and will be furnished with said information on receipt in writing by the Company.

Prevention of Sexual Harassment at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. As required under law, an Internal Complaints Committee (ICC) has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassment at the 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/Sexual%20Harassment%20Policy-2023.pdf

Material Subsidiaries

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

The Company does not have material subsidiary company.

Annual Return

The annual return of the Company as on 31st March, 2023 in the prescribed format is available on the Company's website. The web-link is as under: https://www.elecon.com/views/templates/admin-uploads/Investors/Corporate-Information/Draft%20Form_MGT_7-31.03.2023-Website.pdf

Business Responsibility and Sustainability Report

SEBI, vide its circular dated 10th May, 2021, made Business Responsibility and Sustainability Report (BRSR) mandatory for the top 1,000 listed companies (by market capitalization) from financial year 2023.

Your Company being covered under top 1000 companies, BRSR is applicable to it. The BRSR is forming part of the Annual Report and annexed as **"Annexure E".**

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. Your Directors are thankful to all valuable Stakeholders of the Company viz. shareholders, customers, dealers, vendors, suppliers and business associates for their faith, trust and confidence reposed in the Company.

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

For and on behalf of Board of Directors,

Prayasvin B. Patel
Chairman & Managing Director

DIN: 00037394

Place: Vallabh Vidyanagar

Date : 25th April, 2023

Management Discussion & Analysis

Elecon's Facility visit by the Board of Directors on 24th January, 2023

Global Economy and India

Global economy growth is estimated to have slowed to 3.4% in 2022 amidst monetary tightening by central banks globally to tame inflation caused by Russian invasion of Ukraine which disrupted supply chain and led to steep surge in commodity and fuel cost triggering energy crisis in Europe and hampered economic activity. Frequent lockdown under its zero Covid policy to curb the spread of Covid-19 pandemic along with stress in the real estate market weakened economic growth in China. Aggressive monetary tightening by US Federal Reserve weighed on investment and economic activity and led to decline in business confidence. Global trade remains largely subdued due to global supply chain disruptions and bottlenecks in international freight movement along with weakening external demand.

According to IMF, global growth is projected to decelerate to 2.9% in 2023 on the back of high and persistent inflation, diminishing policy support, and elevated financial and geopolitical uncertainties. The outlook for United States has deteriorated considerably amid high inflation, tight labour market conditions and aggressive monetary tightening by the Federal Reserve. High inflation, rising borrowing cost, worsening liquidity conditions and spread of Covid pandemic could curtail spending and investment and could slow the process of recovery. Slowing global demand, rising interest rates, higher food and energy prices along with sharp appreciation of US dollar is likely to slow recovery process of developing economies.

The pace of growth of Indian economy declined to 6.8% in FY23 amidst slowing global economy led by rising interest rates to bring down high inflation. Geopolitical conflict between Russia and Ukraine disrupted supply chain and resulted in high food and energy prices. However, the Indian economy remained remarkably resilient to external environment owing to ongoing policy reforms and prudent regulatory measures which ensured strong macroeconomic fundamentals and helped the country navigate global and domestic challenges. The services sector supported growth while manufacturing sector was impacted due to elevated input prices and uneven demand recovery. Higher government spending on infrastructure sector supported investment growth during the year. However, monetary tightening by the RBI, widening of current account deficits and decline in growth of exports capped economic growth prospects.

According to IMF, the growth in the Indian economy is expected to slightly decline to 6.1% in FY24 led by fall in consumer demand and decline in business and consumer confidence on the back of rising interest rates. However, growth is expected to pick up in the second half of the fiscal year with revival in manufacturing and trade activity and pick up in credit and investment cycle. The government's initiatives such as PM Gati Shakti, the National Logistics Policy, and the Production-Linked Incentive are expected to support economic growth. However, the government must address challenges such as inflationary pressures and promote private investment and growth. Overall, India's economic outlook remains positive, and the government's proactive measures are expected to support growth in the coming years.

The Engineering Sector and Gears

The Indian Engineering sector witnessed positive growth momentum on the back of increased government spending in core segments such as power, railways and infrastructure development as well as private sector investments in cement, steel, etc. However, the industry faced challenges in the form of higher commodity and fuel cost on the back of Russia-Ukraine conflict which disrupted supply chain. Also, Covid-induced lockdowns in China's manufacturing and trade hubs impacted exports to the region. Nevertheless, the Engineering sector remained resilient despite these shocks due to supportive government policies such as Production Linked Incentive (PLI), increased focus on indigenisation, corporate tax rate cut, etc. along with increased capex outlay. Capacity creation in sectors such as infrastructure, oil & gas, power, mining, auto & auto components, steel, refinery, consumer durables etc, is driving growth of the Engineering industry.

The Engineering sector in India enjoys competitive advantage in terms of manufacturing cost, technology, and innovation. There has been significant shift in share of industrial exports from developed nations to low-cost base countries like India over the last few years and the trend is expected to continue going forward. Demand in the engineering sector is expected to remain healthy primarily on account of the Government's increased thrust on infrastructure development. The industry continues to invest in latest technologies and implement process automation as it focuses on improvement in efficiency and overall competitiveness and emerge as the preferred destination for high-end complex engineering products. Capacity creation in the manufacturing sector along with technological improvement in manufacturing processes, diversification by global players away from China and supportive regulatory policies such as PLI bodes well for the growth of the industry. However, rising interest rates and concerns related to inflation and economic uncertainty could act as headwinds to growth prospects for the sector.

Global industrial gearbox market is expected to be driven by growing government investments for the development of power generation sector, growing construction activities and increasing automation across varied industries and applications. Moreover, the market is benefitting from increasing investment in renewable power generation, especially wind power, for addressing increasing energy needs and reducing reliance of fossil fuel-based power. The other factors driving the growth and development of global industrial gearbox market is the rapid utilization of industry 4.0 combined with various technologies such as internet of things and artificial intelligence. Rising usage of automated industrial gearboxes in various end use industries such as food processing, agriculture, automotive, and machinery is also supplementing the boost in global industrial gearbox market.

Elecon Engineering - Company Review

The Company reported robust performance in Fiscal 2022-23 despite slowdown in the global economy due to monetary policy tightening to tame inflation. The gears business witnessed strong demand from end user industries like cement, steel, sugar, power, etc. The MHE business saw remarkable turnaround with consistent improvement in performance due to strategic initiatives and is expected to keep up the positive momentum going forward. Relentless focus on bringing down receivables has led to decline in working capital days and all the legacy projects have been cleared and settled. The Company has now become net debt free at the Consolidated level.

Despite challenging macro environment, the Company's gear business witnessed strong performance on the back of strong demand from the end user industries. At the end of fiscal, the Company's order book in Gear business stood at ₹1,39,668 Lakhs at Consolidated level with significant contribution from end user industries like cement, steel, sugar, power, etc. The performance in the MHE business continued to improve as the Company continued to focus on profitable product business. The Company continued to identify new growth avenues to augment capacity utilization. At the end of fiscal, the Company's order book in MHE business stood at ₹22,288 Lakhs at Consolidated level.

Elecon is actively engaging with leading OEMs and working towards becoming the preferred supplier in the European market. The company's strategy is to leverage its healthy balance sheet position and also explore inorganic growth opportunities to gain access to new geographies. The Company has been expanding its global footprint, investing in brand building, and undertaking various marketing initiatives to increase overseas revenue and has set an ambitious target to take its overseas and export revenue to 50% of the consolidated revenue by FY30. Elecon's growth strategy is backed by a strong focus on innovation, R&D and technology, along with a commitment to sustainability.

Elecon is committed to maintaining its leadership position by focusing on new product development and enhancing value in existing products. The company is exploring opportunities in the defence space and is currently the only customized and complex Gear Manufacturer for Defence for the Indian Navy in India. This highlights Elecon's extraordinary technological capabilities and R&D excellence. Despite the challenges posed by soaring costs and rising interest rates, Elecon remains focused on debottlenecking and ensuring better utilization of available capacity, alongwith working capital optimization and cost control to minimize the impact. The company's efforts to optimize operational efficiency are reflected in its healthy financial performance, strong cash flows and robust balance sheet. Elecon's focus on innovation, technology, and sustainability, alongwith its commitment to delivering value to customers, positions it well for continued success and growth in the years to come.

Segment Wise Revenue - Gear & MHE Business

During fiscal 2023, the power business contributed close to 11% in the Standalone business. India is the third-largest producer and second-largest consumer of electricity in the world. Soaring demand from the industrial and domestic sectors have been the major driving factor for the growth of the Indian power sector. According to the Central Electricity Authority's (CEA) released Draft National Electricity Plan (NEP), additional 466GW of net power generation capacity is to be added over the next 10 years taking the total capacity to 866GW by FY32. Further, the use of automation and smart metering is expected to play a pivotal role in improving the cash flow of distribution utilities and bringing a positive transformation in the sector. The impending capex cycle for generation capacity addition, distribution and transmission is likely to give a major thrust to order inflows to companies like Elecon Engineering.

India's cement production is estimated to have clocked high single digit growth in FY23 led by government's thrust on infrastructure, smart cities, and housing. The government continues to prioritize spending in infrastructure sector and has raised the capital expenditure by 33% to Rs. 10 lakh crores in the recent budget to fast-track implementation of high-multiplier government programmes such as Bharatmala which is likely to boost cement consumption and help the high-capex sector. Massive emphasis has been put on infrastructure development through the National Infrastructure Pipeline (NIP) under which projects worth ₹108 trillion are currently at different stages of implementation with an aim to stimulate sustained economic growth. The Union Budget increased allocation to road infrastructure by 36% to around ₹2.7 lakh crores to meet the target of constructing 25,000 km National Highways. Outlay for PM Awaas Yojana has been increased by 66% to ₹79,000 crore which would be another key driver of cement demand in India. As such, the increasing focus on upgrading infrastructure combined with thrust on affordable housing by the government has resulted in positive outlook for the cement sector.

India is the second largest producer of steel in the world. The domestic demand for steel has been remarkably resilient despite the persistent global macroeconomic instability caused by elevated inflation, soaring energy costs in Europe, fear of recession in the EU and US and stress in property market in China. Government's massive infrastructure development plan in core sectors like railways, roadways, energy, urban infrastructure, multimodal logistics parks, affordable housing and water and sanitation projects is likely to support growth in demand for the sector. The government announced highest ever ₹2.4 lakh crore for railways in the budget, increased allocation towards the housing programme for urban poor, setting up and revival of 50 additional airports, helipads, water aerodromes, and advanced landing grounds and proposed 100 critical transport infrastructure projects for last and first mile connectivity for ports, coal, steel, fertiliser, and food grain sectors with an investment of ₹75,000 crore. Rapid urbanization, government's strong infrastructure push, and an expected pick-up in private capex is likely to sustain the growth momentum of the industry.

The Indian subcontinent's strategic location on the world's busiest maritime route gives it a significant advantage in the shipping industry. The Indian shipping industry has played a crucial role in the development of trade and commerce and has been aided by various government initiatives over the years. These initiatives, such as the Sagarmala Programme and Maritime India Vision 2030, have focused on port modernization, new port development, and infrastructure improvements to boost performance, productivity, and growth in the maritime sector, making it globally competitive. The government has also approved financial assistance policies for Indian shipyards, providing financial support for both domestic and export orders to promote growth in the sector. These measures are expected to contribute to the growth and development of the Indian shipping industry, making it a key player in the global economy.

The Indian sugar industry has significantly transformed in recent years, with the government implementing initiatives such as minimum support prices and the ethanol blending program to promote growth. These initiatives have helped India become the world's largest consumer and second-largest producer of sugar after Brazil. Despite challenges such as fluctuating prices and oversupply, the industry has remained resilient, driven by factors such as robust exports, diversion of sugar to ethanol production, and increasing consumption levels. The industry has also become self-reliant, meeting the sweetener and energy demands of the nation. Overall, the Indian sugar industry's growth and resilience are positioning it as a key player in the global sugar market, aligned with the 2030 Agenda for Sustainable Development Goals.

Financial Performance

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

Financial Ratios

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

Particulars	Standalone		Consolidated	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Debtors Turnover Ratio*	3.53	2.11	4.02	2.63
Inventory Turnover Ratio*	6.72	5.01	5.66	4.74
Interest Coverage Ratio*	43.34	5.88	39.26	6.43
Current Ratio	2.31	1.47	2.52	1.64
Debt Equity Ratio*	0.02	0.13	0.05	0.14
Operating Profit Margin	23.45	20.63	22.15	20.33
Net Profit Margin (%)*	15.72	10.70	15.53	11.59
Return on Net Worth(%)*	17.46	10.55	18.83	13.58

*There is a change of more than 25% in Debtors Turnover Ratio, Inventory Turnover Ratio, Interest Coverage Ratio, Current Ratio, Debt-Equity Ratio, Net Profit Margin and Return on Net Worth. Such change in Debtors Turnover Ratio, Inventory Turnover Ratio and Debt-Equity Ratio is mainly due to higher efficiency on Working capital improvement. Such change in Interest Coverage Ratio is mainly due to reduction in finance Cost and debt. Such change in Current Ratio is mainly due to Decrease in current liabilities and effective working capital management. Such change in Net Profit Margin is mainly due to Increased Turnover and reduced cost. Such change in Return on Net Worth is mainly due to Increased Turnover and reduced debt.

Risk and Concerns

The Company could be susceptible to strategy, innovation and business or product portfolio related risks if there is any significant and unfavourable shift in industry trends, customer preferences or returns on R&D investments. Elecon does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to 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 31st March, 2023 was 652 as against 565 as on 31st March, 2022.

Outlook

The Indian economy is expected to slow down to 6.1% in FY24 on the back of high inflation, rising interest rate and subdued external demand against a backdrop of the ongoing war between Russia-Ukraine. Benefits due to decline in commodity prices could be offset by subdued external demand leading to muted growth outlook for the manufacturing sector. Rising borrowing costs, demand uncertainty and global slowdown could delay pick-up in private investment. Also, the risk of resurgence of Covid-19 cases globally could pose additional downside risk. However, easing of inflationary pressures along with government's focus on capital spending could help in reviving demand.

ANNEXURE - A TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FORM NO. MR-3 FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2023

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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 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 31st March, 2023 according to the provisions of:

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

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

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

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

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

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period);
   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during the Audit Period);
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
   h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
   i. 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.

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.

1. **I further report that** during the audit period, the company has passed Special Resolution for appointment of Shri Ashutosh Pednekar (DIN: 00026049) as an Independent Director of the Company to hold office for five consecutive years from 1st July, 2022 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.

Place : Ahmedabad
Date : 25th April, 2023
UDIN : F001640E000214754

CS Ashwin Shah
Company Secretary
C. P. No. 1640
Quality Reviewed 2021
PRC:1930/2022

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 alongwith 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 : 25th April, 2023
UDIN : F001640E000214754

CS Ashwin Shah
Company Secretary
C. P. No. 1640
Quality Reviewed 2021
PRC:1930/2022

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

FORMAT FOR CSR ACTIVITIES INCLUDED IN THE BOARD'S REPORT FOR FINANCIAL YEAR ENDED 31ST MARCH, 2022

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 Directors	Designation / Nature of Directorship	Number of meeting(s) of CSR Committee held during the year	Number of meeting(s) of CSR Committee attended during the year
1.	Dr. Sonal V. Ambani	Chairperson, Independent & Non-Executive Director	1	1
2.	Shri Prayasvin B. Patel	Member, Non-Independent & Executive Director	1	1
3.	Shri Prashant C. Amin	Member, Non-Independent & Non-Executive Director	1	1

3. Provide the web-link 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) : **₹ 5,410.93 Lakhs**

7. (a) Two percent of average net profit of the Company as per Section 135(5): **₹ 108.22 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). : **₹ 108.22 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
110.00	NIL	-	-	NIL	-

(b) Details of CSR amount spent against **ongoing projects** for the financial year: **Nil**

(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	NIL										

(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	Promoting Education	Yes	Gujarat	Junagadh	100.00	No	B. I. Patel Charitable Trust	CSR00004791
2.	Medical Help	Promoting health care including preventive health care	Yes	Gujarat	Anand	10.00	No	B.I. Patel Charitable Trust	CSR00004791
	Total					**110.00**			

(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): **₹ 110.00 Lakhs**

(g) Excess amount for set off, if any: **NIL**

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 thee 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.	
NIL							

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

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:- **NIL**

(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 : 25th April, 2023

ANNEXURE – C TO BOARD'S REPORT

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

1. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken

- Continuous efforts towards energy conservation by adopting new technology with more focus on improvement and process, through improved maintenance practices like Time Base Maintenance and Analysis through Short interval control etc.
- The power saving by use of LED lights for work lights of machines, overhead light in workshops as well as office lighting in the Company. This year we have replaced 348 nos. of old lighting fixtures to LED Lightings, this includes workshop highbay. Street lighting, area lighting and office lighting. Total connected load for lighting was reduced from 209 KW to 156 KW. Moreover, the Company is reducing equivalent CO2 emission. This way the Company contributes to green environment.

  The Company proudly declares completion of 2MWp Ground Mounted Solar Power plant installed at Bamangam, which will generate approx. 35 lakhs KWh.
- Reduce the use of Compressor air by reducing over usages, idling of compressors, synchronizing, arresting air leakages, and replacement of approximately 3000 meter aluminum air pipe lines. Replacement of existing old conventional control 2 air compressor of 250 cfm and 500 cfm to VFD controlled air compressors to save energy and longer life of compressors. The Company is of the view that it will be converted into the saving of 60,000 KWh.
- Replacement of old pumps with the motors, which was repaired number of times and was run at lower efficiency.
- 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 plant to achieve the goal of energy conservation. Till date, we have installed inverter based plant of around 200 TR. cooling capacity.

(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.

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

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

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

The Company installed the solar farm having capacity of 2.00 MW in the financial year 2022-23. Now, the Company will generate electricity (Green Energy) of approxi. 35 lakhs KWh annually.

2. TECHNOLOGY ABSORPTION

(I) Research and Development

➢ **Specific Area in which R & D carried out by the Company & Benefits derived as a result of R & D :**

The Company has an in-house R&D facility that has been approved by the Department of Scientific and Industrial Research, where R&D activities are carried out. The following are some of the R&D activities completed and the benefits obtained as a result:

- A new Helical and Bevel Helical gearbox series has been upgraded. The benefits include high efficiency, robust design, increased thermal rating, universal mounting, and excellent torque to weight capacity
- High Speed gearbox was successfully developed and tested.
- Development of a central drive gearbox for mill use. The advantages include increased gearbox rating, compact and robust design and import substitute.
- Development of a series of roller press drive planetary gearboxes for the cement industry. The benefits include increased torque to weight capacity, a full drive solution, and a dependable product.
- Rationalization of Sugar Mill Drive planetary gearbox series. The benefits include a compact and stronger design, a higher torque-to-weight ratio, and improved efficiency.
- Standard and Customized condition monitoring system developed as per industry IoT 4.0.

➢ **Future plan of action:**

The following is a summary of the future action plan:

1. Development of a single stage helical gearbox with a capacity of up to 21 MW for tube mill applications.
2. Highly flexible coupling.
3. Development of a Standard Marine Gearbox.
4. Development of safe set coupling.

➢ **Expenditure on R & D:**

In order to pursue R&D endeavors, the Company incurs R&D expense on a continual basis, which is separately recognized in the financial statements. The overall R&D expenditure for the fiscal year 2022-23 is as follows:

	(₹ in Lakhs)
Capital Expenditure	NIL
Revenue Expenditure	302.65
Total	**302.65**

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

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

3. FOREIGN EXCHANGE DETAILS

(₹ in Lakhs)

Particulars	2022-23	2021-22
Earnings	**8,291.66**	8,117.96
Outgo	**12,494.35**	11,028.89

ANNEXURE - D TO BOARD'S REPORT

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

Sr. No.	Name of Directors and KMPs	Designation	% Increase in Remuneration in FY 2022-23	Ratio of Remuneration to Median Remuneration of Employees
A.	**Directors**			
1.	Shri Prayasvin B. Patel	Chairman & Managing Director	*98.70	101.89
2.	Shri Prashant C. Amin	Non-Independent NED	35.34	1.32
3.	Shri Pradip M. Patel	Non-Independent NED	33.33	2.02
4.	Shri Pranav C. Amin	Independent NED	32.45	1.69
5.	Shri Jai Diwanji	Independent NED	32.54	2.06
6.	Dr. Sonal V. Ambani	Independent NED	32.73	2.02
7.	Shri Ashutosh Pednekar	Independent NED	#	#
B.	**Key Managerial Personnel :-**			
1	Shri Narasimhan Raghunathan	Chief Financial Officer	20.12	7.80
2	Smt. Bharti Isarani	Company Secretary	21.07	3.07

* The Commission payable of ₹ 9.00 crores is included in the remuneration of Shri Prayasvin Patel in financial year 2022-23 (₹ 3.00 crores for financial year 2021-22).

Shri Ashutosh Pednekar was appointed as an Independent Director w.e.f. 1st July, 2022. 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 ₹ 6.52 Lakhs. There was an increase of 9.21% in the median remuneration of employees.

(ii) There were 652 permanent employees on the rolls of Company as on 31st March, 2023.

(iii) There was an increase of 13.47% in average percentage salaries of employees (other than the managerial personnel) in the last financial year i.e. 2022-23 whereas the managerial personnel remuneration for the same financial year was increased to 98.70%. Change in Managerial Personnel Remuneration is mainly due to inclusive of commission payment in the remuneration of Shri Prayasvin Patel in financial year 2022-23.

(iv) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

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

ANNEXURE - E TO BOARD'S REPORT

Business Responsibility & Sustainability Report

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

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

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L29100GJ1960PLC001082
2.	Name of the Listed Entity	ELECON ENGINEERING COMPANY LIMITED
3.	Year of incorporation	1960
4.	Registered address	Anand-Sojitra Road, Vallabh Vidyanagar 388 120, Dist. Anand, Gujarat.
5.	Corporate address	Anand-Sojitra Road, Vallabh Vidyanagar 388 120, Dist. Anand, Gujarat.
6.	E-mail id	investor.relations@elecon.com
7.	Telephone	+91-2692-238701
8.	Website	www.elecon.com
9.	Financial year for which reporting is being done	1st April, 2022 to 31st March, 2023
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited and BSE Limited
11.	Paid-up Capital	₹ 2,244.00 Lakhs
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shri Prayasvin B. Patel Chairman & Managing Director +91-2692-238701 investor.relations@elecon.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures under this report are made on a standalone basis.

II. Products/Services

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

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

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

Sr.No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Gears (Reduction Gears)	29131	80.15
2.	Bulk Material Handling Equipment	29151	17.31

3.	Repair and maintenance of bearings, gears, gearing and driving element	29138	1.63
4.	Repair and maintenance of lifting and handling equipment	29158	0.90

III. Operations

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

Location	Number of plants	Number of offices	Total
National	2	14	16
International	NIL	NIL	NIL

17. Markets served by the entity:

a. Number of locations

Location	Number of plants
National (No. of States)	28
International (No. of Countries)	60

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

Export constitutes 9.10% of the total turnover of the entity.

c. A brief on types of customers

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

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

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled)

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	631	613	97.14	18	2.86
2.	Other than Permanent (E)					
3.	**Total employees (D + E)**	**631**	**613**	**97.14**	**18**	**2.86**
	WORKERS					
4.	Permanent (F)	1185	1185	100.00	-	-
5.	Other than Permanent (G)					
6.	**Total workers (F + G)**	**1185**	**1185**	**100.00**	**-**	**-**

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

S.No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	1	1	100.00	-	-
2.	Other than Permanent (E)					
3.	**Total differently abled employees (D + E)**	**1**	**1**	**100.00**	**-**	**-**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	1	1	100.00	-	-
5.	Other than Permanent (G)					
6.	**Total differently abled workers (F + G)**	**1**	**1**	**100.00**	**-**	**-**

19. Participation/Inclusion/Representation of women:

	Total	No. and percentage of Females	
	(A)	No. (B)	% (B / A)
Board of Directors	7	1	14.29
Key Management Personnel	2	1	50.00

20. Turnover rate for permanent employees and workers (in %):

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	9.12	11.11	9.17	15.27	-	14.94	30.00	18.75	29.77
Permanent Workers	32.26	-	32.26	43.64	-	43.64	32.93	-	32.93

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S.No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Radicon Transmission UK Limited	Subsidiary	100	No
2	Elecon Singapore PTE. Limited	Subsidiary	100	No
3	Elecon Middle East FZCO	Subsidiary	100	No
4	Benzlers Systems AB	Step Down Subsidiary	100	No
5	AB Benzlers	Step Down Subsidiary	100	No
6	Radicon Drive Systems Inc.	Step Down Subsidiary	100	No
7	Benzlers Transmission A.S.	Step Down Subsidiary	100	No
8	Benzlers Antriebstechnik G.m.b.h	Step Down Subsidiary	100	No
9	Benzlers TBA B.V.	Step Down Subsidiary	100	No
10	OY Benzlers AB	Step Down Subsidiary	100	No

S.No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
11	Benzlers Italia s.r.l.	Step Down Subsidiary	100	No
12	Eimco Elecon (India) Limited	Associate	17	No

VI. CSR Details

22. (i) **Whether CSR is applicable as per Section 135 of the Companies Act, 2013: (Yes/No)** Yes

(ii) **Turnover** ₹ 119,699.24 lakhs (FY 2022-23)

(iii) **Net worth** ₹ 107,935.96 lakhs (FY 2022-23)

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, Refer Links below	-	-	NA	-	-	NA
Investors (other than sareholders)		-	-	NA	-	-	NA
Shareholders		11	-	NA	18	-	NA
Employees and workers		-	-	NA	-	-	NA
Consumers		263	3	NA	232	0	NA
Value Chain Partners		-	-	NA	-	-	NA
Other (please specify)		NA	NA	NA	NA	NA	NA

Links: https://www.elecon.com/investors/policies,
https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Code%20of%20Conduct-2023.pdf,
https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Human%20Rights%20Policy-2023.pdf,
https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Supplier%20Code%20of%20Conduct-2023.pdf,
https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Customer%20Relationship%20Policy-2023.pdf.

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

S.No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Sustainable Products	O	Our R&D team is focused on improvising our product range to reduce use of electricity and oil during operational phase. Our current and new products are focused on use of recyclable material.	-	Positive
2.	Renewable Energy	O	In our endeavor to adopt renewable energy, we have moved to solar and wind energy and are increasing our footprint in renewable energy which will save environment and will help the company to reduce the energy cost. The Company has an installed capacity of 4.7MWh in solar rooftop and 13.85 MWh in windfarms.	-	Positive
3.	Sustainable supply chain	O	The Company believes long term association with suppliers and con-sider them as long term partners in growth. Strategic partners Meet are organized on regular basis.	-	Positive
4.	Occupational Health & Safety	R	Failure to ensure health and safety may hamper the smooth running of operations, impact manpower availability and may lead to litigation.	We are enhancing our safe work practices/ procedures by automating most of our machinery and working procedures. In addition, we are working towards increasing the frequency and coverage of our training and awareness programs.	Negative
5.	Training and Skill Development	O	Our Skill enhancement and other training programs help us to improve our efficiency and to retain this specialised and skilled workforce.	-	Positive

6.	Stakeholder Engagement	O	As we move towards growing into a more sustainable business, inclusion of various stakeholders in our growth journey is very important. We take their inputs to plan our business strategy. We are continuously engaging with the employees, investors, suppliers, customers etc. through employee engagement initiatives, Investor meet, Vendor Meet, etc. on periodical basis.	-	Positive
7.	Ethical Behavior	O	Ethical Behaviour as defined by our Code of Conduct not only helps us to have good governance but also guides us to comply with applicable regulatory requirements. The Company is giving lot of importance to ethical behavior and compliances. The Company has taken initiatives to undergo cultural transformation journey with focus on values.	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

Disclosure Questions

Policy and management processes		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available*	https://www.elecon.com/investors/policies								
2.	Whether the entity has translated the policy into proce-dures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted poli-cies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Truste) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 14001 (2015), ISO 45001 (2018), Authorised Economic Operator certification, Great Place to Work certification, ISO 9001 (2015), National Accreditation Board for Testing & Calibration Laboratories (NABL) certificate, CE/ATEX certification for certain products.								

5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	We have started our sustainability journey. We understand that although our operations are sustainable, we need to quantify our ESG indicators and benchmark it against the industry standards. As we continue to progress in our ESG journey, we are in the process to benchmark our ESG indicators and set goals and targets accordingly. We are increasingly moving towards renewable energy with our solar and wind installation to increase our percentage of renewable energy in our energy-mix. We maintain a vast green pasture within our premises and also have a provision of rainwater harvesting.
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	As mentioned in the above para we have started our ESG journey recently and are in the process to develop methods to measure our performance against the specific commitments, goals & targets set by the Company.
Governance, leadership and oversight		

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure). The Company stands testimony to the great efforts and ambitions of its founding fathers and their successors to sustain its excellence through sustainability led business strategy that prioritizes ecological and social growth while simultaneously achieving financial growth. Our company's evolution is built on maintaining the greatest levels of customer satisfaction, implementing environmentally friendly and energy-efficient manufacturing practices and upholding best-in-class work safety and health protection measures, thus catering to the diverse needs of our stakeholders. To ensure that sustainability is embedded across our operations and processes, our board and committee members engage in strategic discussions pertaining to key ESG issues on an ongoing basis. Identification of key ESG issues is achieved through conducting a comprehensive materiality assessment. We engage in constant, rigorous dialogue with employees, suppliers, customers, associations, and authorities to achieve our goals in the areas of quality, environmental protection and workplace safety. This year we shaped our materiality assessment based on response gathered from key stakeholders followed by sensitization of the assessment's output material themes. Our innovative solutions are enabling an increasing number of industries and enterprises to reduce their environmental impact, to forge a more promising future for our future generations. We maintain the highest standards for quality, resource conservation, energy efficiency, work safety and health protection during the development stage of our products and services. Keeping the drastic effects of climate change and energy security in mind, we are transitioning to renewable sources. To this end, we have an installed capacity of 4.7MWh in solar rooftop and 13.85MWh in windfarms. By investing on energy saving technologies in our premises, we not only improve our energy intensity, but also achieve cost efficiencies. We achieve a process of continual improvement and advancement of our overall performance by continuous internal and external review of our management system and the implementation of relevant measures. We are encouraged with the amount of emphasis and engagement in the ESG & Sustainability agenda, as well as the momentum that has been maintained. We've made good early headway on our sustainability path, and we're determined to keep it going.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Our Board has overview on the Business Responsibility Policies. Respective Business Heads are responsible for implementing and driving the policies within their respective scope.
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No. Our Board, during their meetings discusses topics on sustainability and takes appropriate decisions as and when required. The respective business heads are responsible for implementation and monitoring of ESG parameters within their scope.

10.	Details of Review of NGRBCs by the Company:																		
	Subject For Review	**Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee**									**Frequency (Annually /Half yearly/ Quarterly, Any other-Please Specify)**								
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
	Performance against above policies and follow up action	As a sustainable practice, our Board reviews the policies on need basis and sustainability initiatives on an annual basis. During review, the effectiveness of the policies is assessed and any necessary changes to policies and procedures are adopted. Department and Business Heads also review our policies and their effectiveness periodically and any update or change is timely presented to the Board for approval, if required.									Our Board reviews the policies on need basis and sustainability initiatives on an annual basis.								
	Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	We are compliant with the applicable statutory requirements and there have been no instances of non-compliances.																	

11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
		No								
12.	**If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**									
	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
	The entity does not consider the Principles material to its business (Yes/No)	Not Applicable								
	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
	The entity does not have the financial or/ human and technical resources available for the task (Yes/No)									
	It is planned to be done in the next financial year (Yes/No)									
	Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	Recent Amendments in the SEBI Regulations, update programme on the plant operations	100
Key Managerial Personnel	2	POSH, Values & Culture	100
Employees other than BoD and KMPs	80	POSH, Values, Health & Safety, Human Rights & Culture, Skill Enhancement	91
Workers	118	Topics / principles covered under the training and its impact: Health & Safety, Skill Enhancement, Quality & Manufacturing Circle Awareness	83

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

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil				
Settlement					
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil			
Punishment				

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

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

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

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

Web-link to the policy:

https://www.elecon.com/views/templates/adminuploads/Investors/Policies/Elecon-Code-of-Conduct.pdf,

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

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

Particulars	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs		
Employees		
Workers		

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

Particulars	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

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

Not applicable.

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

Essential Indicators

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

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	Not Available*	Not Available*	Our R&D department is not only focused on upgrading our technology but also focused on making our products more sustainable. To reduce the environment and social impact of our products the department works on projects considering reduction of weight of our product and optimal use of oil in operations, improvising safety features and operational efficiency.
Capex	70.88	55.24	In the previous years we had installed solar and wind power systems to increase our renewable energy consumption. In addition to this in FY 2022-23, we have undertaken following initiatives to increase our operational energy efficiency as under: 1. Retrofitting of emission control devices (RECD) on diesel generators resulting in reduction of Particulate Matter (PM) level up to 90%. 2. Clean power project of installation of solar rooftops having capacity of 2 MW AC to reduce dependency on conventional energy resources. This clean power project shall reduce GHG and Particulate Matter (PM) pollution. 3. Installation of ergonomic equipment for reducing human fatigue during operations as well as increased energy efficiency.

*We are in the process of capturing the specific Research and Development expenditure made to improvise our products in their environmental and social impacts.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

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

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

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

The composition of all our products, which we market and sell are made of metals (around 99%) which is easily recyclable. Our products are made of ferrous & non-ferrous materials which has long & sustainable life cycle of around 20-25 years. This makes it unviable to directly reclaim our products for recycling after its end of life. However, we are currently looking into ways in which we can reclaim and recycle our own products at the end or their life cycle.

Our product manual raises awareness and encourages customers to recycle their used products with the help of recyclers. At the end of its life cycle, our products don't generate any plastic/e-waste, hazardous or any other waste.

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

Not applicable

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

Essential Indicators

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

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
Permanent Employees and Other than Permanent Employees											
Male	613	613	100.00	613	100.00	-	-	-	-	-	-
Female	18	18	100.00	18	100.00	18	100.00	-	-	-	-
Total	**631**	**631**	**100.00**	**631**	**100.00**	**18**	**2.85**	**-**	**-**	**-**	**-**

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

Category	Total (A)	% of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
Permanent Workers and Other than Permanent Workers											
Male	1185	1185	100.00	1185	100.00	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**1185**	**1185**	**100.00**	**1185**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**

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

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y

Gratuity	100	100	Y	100	100	Y
ESI*	NA	NA	NA	NA	NA	NA
Others-Please Specify	NA	NA	NA	NA	NA	NA

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

3. **Accessibility of workplaces**

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

Yes, our office and manufacturing unit are accessible to differently abled employees and workers.

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

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

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

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

	Permanent Employees		**Permanent Workers**	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	-	-	-	-
Female	-	-	-	-
Total	**-**	**-**	**-**	**-**

None of the employees were on maternal leave in the last 3 financial years (including FY 22-23).

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

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

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

https://www.elecon.com/investors/policies,

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

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

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total Permanent Workers	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

8. **Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (A)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	613	250	40.78	450	73.00%	550	275	50.00	295	53.63
Female	18	18	100.00	12	67.00%	15	13	86.67	10	66.67
Total	**631**	**268**	**42.00**	**462**	**73.00%**	**565**	**288**	**50.97**	**305**	**53.98**
Workers										
Male	1,185	462	38.98	683	58.00%	930	583	62.68	236	25.37
Female	-	-	-	-	-	-	-	-	-	-
Total	**1185**	**462**	**38.98**	**683**	**58.00%**	**930**	**583**	**62.68**	**236**	**25.37**

9. **Details of performance and career development reviews of employees and workers:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	613	551	89.88	550	478	86.90
Female	18	17	94.44	15	14	93.33
Total	**631**	***568**	**90.01**	**565**	***492**	**87.07**
Workers*						
Male	1 185	-	-	930	-	-
Female	-	-	-	-	-	-
Total	**1,185**	**-**	**-**	**930**	**-**	**-**

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

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

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

Yes, at Elecon, we consider safety as a core value rather than a priority. To control safety events and raise awareness of the value of healthy lives, we employ proactive and preventive actions. We have implemented several safeguards, including safety audits, emergency preparedness action plans, fire safety measures, emergency training and other focused initiatives. We are committed to preventing injuries and occupational illness and we drive the same through our organization by promoting the requirements as per ISO 45001: 2018 and other similar guidelines. The detailed policy is available at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/EHS%20policy-2023.pdf.

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

To find and eliminate any risks in our offices and manufacturing facility, we have put in place a systematic risk management procedure. Engineers, production-in-charge personnel, and Environment Health & Safety (EHS) team members are key stakeholders who are involved in risk assessments and the risk management process. Documentation, approval and dissemination to all pertinent parties participating in the activity are necessary for all identified risks and risk mitigation plans. Accordingly, we have incorporated safety observations, rectification plans & procedures in all our operations which includes Hazard Identification & Risk Assessment for all manufacturing as well as administrative activities, contractor safety management, external audits, etc.

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

Yes, we have a mechanism in place for employees to identify and report workplace dangers and make improvement suggestions. All personnel receive the necessary training to identify hazards and problems. At regular intervals, management representatives and workers on the shop floor conduct joint inspections, and appropriate corrective and preventive actions are performed to mitigate the identified risks. Employee participation and open discussion of safety-related topics are encouraged in order to foster an open and transparent safety culture throughout our organization.

As a practice, we impart training for work-related hazards in all our operations. Any hazards or hazardous conditions can immediately be reported to the operational head, safety head as well as supervisor. The actions taken are discussed with workers in our quarterly safety committee meetings. Further, awareness sessions and documented procedures are implemented to prevent the recurrence of the hazard.

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

Yes, all workers including their dependent family member have access to external multispecialty reputed hospital which is in our proximity with all latest facilities, infrastructure for non-occupational medical and health care services, awareness programs are conducted by experts on different topics including: good health habits, blood disorders, varicose veins, cancer, etc.

All our employees are covered under group health insurance covering access to non-occupational medical and healthcare services.

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

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	0.90
	Workers	-	-
Total recordable work-related injuries	Employees	1	1
	Workers	1	-
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

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

To control safety concerns and raise awareness of the value of healthy lives, we employ proactive and preventive actions. We have implemented several safeguards, including various audits, emergency preparedness action plans, fire safety measures, emergency training and other focused initiatives. Kaizens are made and implemented across the Company.

Safety hazards pertaining to all the activities carried out inside our manufacturing plants are timely identified, and the risk levels are attempted to bring to an acceptable level. Moreover, controls pertaining to safety hazards are periodically reviewed. We check and review our procedures to ensure a safe and healthy workplace are adhered to and any deviation is reported and acted upon timely to prevent repetition.

As per the hierarchy of controls, we are focused on the elimination of hazards rather than taking only corrective actions. Periodic/refreshing training and various awareness sessions are also a part of the measures for a safe and healthy workplace.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	NA	-	-	NA
Health & Safety	-	-	NA	-	-	NA

We conduct quarterly safety meeting that include all relevant stakeholders. Suggestions are taken from employees and workers proactively. The committee investigates the suggestion and implements it wherever relevant from time to time thus preventing any mishaps.

14. Assessments for the year:

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

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

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

Our actions are addressed based on recommendations received by assessments in order to mitigate the risk & concerns arising at working locations proactively with horizontal deployment.

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

Essential Indicators

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

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

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Community	No	Direct engagement, CSR partners	As and when required	To have an overview on the implementation and success of the projects

Shareholders/Investors	No	Email, SMS, Newspaper advertisement, website	Annually/ Half yearly/ Quarterly	Annual Financial statements and other related information, awareness programme on requirement for dematerialization of shares
Suppliers & Contractors	No	Regular supplier and contractor meets	As and when required	To resolve supplier and contractor concerns and encourage suppliers to adhere to Elecon's policies
Employees	No	Meetings, Email, SMS, Intranet, Posters, Slogans	Monthly/Quarterly meetings and continuous communications	Occupational Health & Safety and other Department updates
Regulatory Bodies	No	Direct engagement	As and when required	To comply with applicable regulations
Customers	No	Direct engagement, Customer satisfaction survey, Customer feedback	As and when required	To ensure product quality and safety, high customer satisfaction

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

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

Category	**FY 2022-23**			**FY 2021-22**		
	Total (A)	**No. of employees / workers covered (B)**	**% (B/A)**	**Total (C)**	**No. of employees / workers covered (D)**	**% (D / C)**
Employees						
Permanent	631	143	22.66*	565	73	12.92
Other than Permanent						
Total Employee	**631**	**143**	**22.66***	**565**	**73**	**12.92**
Workers						
Permanent	1185	-	-	930	-	-
Other than Permanent						
Total Workers	**1185**	**-**	**-**	**930**	**-**	**-**

*We are in the process of implementing training and awareness using an online platform which will increase the scale and scope of trainings and trainees in the Company.

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

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (A)	Equal to Minimum Wage		More than Minimum Wage\	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees (Permanent and Other than Permanent)										
Male	613	-	-	613	100.00	550	-	-	550	100.00
Female	18	-	-	18	100.00	15	-	-	15	100.00
Workers (Permanent and Other than Permanent)										
Male	1185	57	4.81	1128	95.18	930	15	1.61%	915	98.38
Female	-	-	-	-	-	-	-	-	-	-

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

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (in ₹)	Number	Median remuneration/ salary/ wages of respective category (in ₹)
Board of Directors (BoD)	6	12,84,000*	1	13,18,000*
Key Managerial Personnel	1	50,74,812	1	20,11,558
Employees other than BoD and KMP	611	6,40,871	17	8,48,871
Workers	1185	1,99,536	-	-

** It is inclusive of remuneration, sitting fees with commission payable to the Directors for FY 2022-23.*

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

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

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

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

6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	NA	-	-	NA
Discrimination at workplace	-	-	NA	-	-	NA
Child Labour	-	-	NA	-	-	NA
Forced Labour/ Involuntary Labour	-	-	NA	-	-	NA
Wages	-	-	NA	-	-	NA
Other human rights related issues	**-**	**-**	**NA**	**-**	**-**	**NA**

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

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

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

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

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

9. **Assessments for the year:**

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%. Our HR team takes a survey by randomly selecting employees and contractors for evaluation. An external auditor verifies and assesses the processes followed by our HR team. Regulatory inspectors also verify the processes being followed in our manufacturing plants.
Forced/involuntary labor	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

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

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

We recognize that the climate change is not just an environment concern but business risk also and it is aware of its responsibility towards the environment. We have consistently invested in technology upgradation by means of our in-house research and development department to develop the products which are more efficient and continuous measures are being adapted for energy conservation.

We have taken various steps to protect and restore the environment through the installation of solar panels, rainwater harvesting systems, water recycling, and using treated wastewater for plantation activities, and installation of LED fitting aids in reducing carbon emissions.

Essential Indicators

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

(in Giga Joules)

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	42,822.42	26,973.03
Total fuel consumption (B)	36,003.14	33,091.27
Energy consumption through other sources (Renewable Energy) (C)	49,702.65*	47,300.55*
Total energy consumption (A+B+C)	1,28,528.21	1,07,364.85
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) – GJ/lakh INR	10.74	11.12
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

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

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

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

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

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

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

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	Not available, we have recently implemented procedures to measure water consumed and recycled by installing water meters wherever necessary.
(ii) Groundwater	155,261.00	
(iii) Third party water	-	
(iv) Seawater / desalinated water	-	
(v) Others	-	
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	155,261.00	
Total volume of water consumption (in kilolitres)	155,261.00*	
Water intensity per rupee of turnover (Water consumed / turnover) – KL/INR Lakh	12.97	
Water intensity (optional) – the relevant metric may be selected by the entity	NA	

**18,987 kilolitres consumption of recycled water is not considered in this calculation as per the definition in the regulation.*

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

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

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

Yes. Our approach to water stewardship focuses on minimizing our water intake through effective water use. We recycle all our used water after treatment to maintain and develop our green belt. We have also installed rainwater harvesting systems throughout our sizable industrial facility which is collected in our rainwater pit to replenish our groundwater level.

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

Parameter	Units	FY 2022-23	FY 2021-22
NOx#	mg/Nm3	15.41	11.00
SOx#	mg/Nm3	9.63	7.00
Particulate matter (PM)*#	mg/Nm3	26.00	22.00
Persistent organic pollutants (POP)	mg/Nm3	Not Available	Not Available
Volatile organic compounds (VOC)	mg/Nm3	Not Available	Not Available
Hazardous air pollutants (HAP)	mg/Nm3	Not Available	Not Available
Others – please specify	mg/Nm3	Not Available	Not Available

**Particulate matter (PM) 2.5*

#The values have been measured quarterly and an average of it is mentioned. The location of measurement is the factory gate of our manufacturing unit.

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

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

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

Parameter	Units	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MtCO2e	2,060.90	1,903.37
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	MtCO2e	8,445.53	5,319.68
Total Scope 1 and Scope 2 emissions per rupee of turnover	MtCO2e/ INR Lakh	0.88	0.82
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

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

No such independent assessment has been carried out during the year ended March 2023.

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

Yes, this year we have set up a 2 MW capacity of solar rooftop which has helped the organization to reduce the GHG emission. In addition, we have our own windfarm for generating electricity, which is given to the grid and the unit credits are being adjusted in our electricity bill. We have a total installed capacity of 4.7MWh in solar rooftop and 13.85MWh in windfarms.

Energy conservation tasks and activities are taken up each year at our units to reduce energy consumption. This includes replacing old high electricity-consuming light fixtures with low electricity-consuming led-light fixtures and automating their switching action to avoid human error. We regularly maintain and replace our equipment to achieve high energy efficiency. We are continuously increasing efforts to replace our fuel consuming equipment with the electricity-based equipment in order to reduce GHG emissions and to conserve energy uses.

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

Parameter	FY 2022-23		FY 2021-22	
Total Waste generated (in metric tonnes)				
Plastic waste (A)	0.59		0.30	
E Waste (B)	-		2.60	
Bio medical waste (C)	-		-	
Construction and Demolition Waste (D)	-		-	
Battery Waste (E)	7.26		6.17	
Radio-active waste (F)	-		-	
Hazardous waste. Please specify, if any. (G)	**Waste**	**Weight (Mt)**	**Waste**	**Weight (Mt)**
	Used Oil	93.20	Used Oil	69.93
	Discarded containers, barrels, carboys	49.56	Discarded containers, barrels, carboys	41.99
	Paint	0.13	Paint	0.13
Non-hazardous waste generated (Glass, Metal, Paper, etc (H) (Break-up by composition i.e. by materials relevant to the sector)	**Waste**	**Weight (Mt)**	**Waste**	**Weight (Mt)**
	Wooden Waste	257.92	Wooden Waste	227.90
	MS Scrap	4,362.79	MS Scrap	4,017.43
	CI Scrap	297.12	CI Scrap	366.21
	Paper Scrap	6.93	Paper Scrap	4.81
	Aluminum	17.08	Aluminum	22.34
	Foundry Slag PB	7.97	Foundry Slag PB	5.41
	Burnt Sand	5,515.50	Burnt Sand	4,660.00
Total (A to H) (MT)		**10,615.05**		**9,425.22**

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

Parameter	FY 2022-23	FY 2021-22
Category of waste		
(i) Recycled*	5,050.86	4,723.10
(ii) Re-used*	5,565.06	4,701.99
(iii) Other recovery operations	-	-
Total	**10,615.92**	**9,425.09**

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

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

Parameter	FY 2022-23	FY 2021-22
Category of waste		
(i) Incineration	0.10	0.10
(ii) Landfilling	-	-
(iii) Other recovery operations	-	-
Total	**0.10**	**0.10**

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

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

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

We monitor waste management practices vigorously. Automated machining of gear parts is done in such a way as to take care of this aspect by reducing the generation of metal scraps. We generate metal scrap in significant volume and is re-used in our foundry shop for making castings. The hazardous waste (used oil) contaminated empty containers (carboys, tins, cans, etc.) generated is disposed of as per the regulatory requirement to authorized recycler. We generate a significant amount of burnt sand from our foundry which is then used by recyclers in the infrastructure and construction sector.

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

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

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

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Environmental impact assessments are not applicable to us, and we have not performed the same during the financial year ended March 2023.					

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

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not applicable, as we have not violated any ruled mentioned in the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act for the year ended March 2023.				

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

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/associations.**

   We are associated with 9 trade and Industry chambers/Associations

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

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

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

Name of Authority	Brief of the Case	Corrective Action Taken
Not applicable, as no such adverse order is received from any authority for which corrective action must be taken by our Company for the year ended March 2023.		

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

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

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

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

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	No. of Project Affected Families (PAFs)	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

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

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

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	51.60	41.23
Sourced directly from within the district and neighboring districts	49.02	40.82

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

Essential Indicators

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

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

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

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

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

	As a percentage to total turnover
Environmental and social parameters relevant to the product	81.78
Safe and responsible usage	100.00
Recycling and/or safe disposal	81.78

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

	FY 2022-23			FY 2021-22		
S. No.	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other (Consumer Complaints)	263	3	Our consumers contacted our service team for training and operations of our products.	232	0	Our consumers contacted our service team for training and operations of our products

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

	Number	Reasons for recall
Voluntary recalls	NIL	
Forced recalls		

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

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

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

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

Nil

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

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

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

1. BOARD OF DIRECTORS

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

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

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

Composition

The Company has a balanced Board with optimum combination of Executive and Non-Executive Directors, including independent professionals, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. The Board currently as on 31st March, 2023; comprises 7 (Seven) Directors out of which 6 (Six) Directors (86%) are Non-Executive Directors.

The Company has an Executive Chairman and 4 (Four) Independent Directors including 1 (One) Woman Director comprise more than half (57%) of the total Board strength. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of the stakeholders and the Company.

In terms of Regulation 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 31st March, 2023 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	8	--	--	Eimco Elecon (India) Limited - *Executive Director*
Shri Prashant C. Amin (DIN : 01056652)	Non-Independent & Non-Executive Director	1	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 Jai S. Diwanji (DIN : 00910410)	Independent & Non-Executive Director	2	--	3	1. Nesco Limited - *Non-Executive - Independent Director* 2. Kaira Can Limited - *Non-Executive - Independent Director*
Shri Pranav C. Amin (DIN : 00245099)	Independent & Non-Executive Director	3	--	2	1. Alembic Pharmaceuticals Limited - *Managing Director* 2. Max Healthcare Institute Limited - *Non-Executive - Independent Director*
Dr. Sonal V. Ambani (DIN : 02404841)	Independent & Non-Executive Director	5	--	3	1. Carysil Limited - *Non-Executive - Independent Director* 2. Fairchem Organics Limited - *Non-Executive - Independent Director*
Shri Ashutosh Pednekar* (DIN: 00026049)	Independent & Non-Executive Director	2	1	--	--

* Shri Ashutosh Pednekar was appointed as a Non-Executive Independent Director w.e.f. 1st July, 2022.

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 31st March, 2023, 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 2022-23, 5 (Five) Board Meetings were held on 3rd May, 2022; 21st July, 2022; 3rd November, 2022; 24th January, 2023 and 28th February, 2023. The Company has held atleast one Board Meeting in every quarter and the gap between two Board Meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings. Leave of absence was granted to concern Directors upon receipt of the request who could not attend the respective Board Meeting. Majority of these board meetings were held in video conferencing/other audio-visual mode as allowed under MCA Circulars and SEBI Circulars.

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

Name of Directors	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at Last AGM
Shri Prayasvin B. Patel	5	5	Yes
Shri Prashant C. Amin	5	5	Yes
Shri Pradip M. Patel	5	5	Yes
Shri Jai S. Diwanji	5	5	Yes
Shri Pranav C. Amin	5	3	Yes
Dr. Sonal V. Ambani	5	5	Yes
Shri Ashutosh Pednekar	4	4	No

During the year under review, the Circular Resolution was passed by the Board of the Directors of the Company on 11th July, 2022.

Securities held by Non-Executive Directors in the Company as on 31st March, 2023.

Name of Director	No of Equity shares held	No of convertible instruments held
Shri Jai Diwanji	28,050	Nil
Shri Pradip M. Patel	43,161	Nil
Shri Prashant C. Amin	40,675	Nil

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

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

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

(E) Appointment of Independent Directors

On appointment of new Independent 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 27th January, 2023 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 31st March, 2023.

Sr. No.	Skills / expertise / competencies	Shri Prayasvin B. Patel	Shri Prashant C. Amin	Shri Pradip M. Patel	Shri Jai S. Diwanji	Dr.. Sonal V. Ambani	Shri Pranav Amin	Shri Ashutosh Pednekar
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 director of the Companies 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 financial year ended 31st March, 2023.

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

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

(M) CEO / CFO Certificate

The Managing Director/CEO and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Regulation 17(8) of Listing Regulations. The said certificate is 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 2022-23, the Company does not have any Material Subsidiary Company.

(O) Policy for Determining Materiality for Disclosures

In line with requirements under Regulation 30 of the Listing Regulations, the Company has framed a policy on disclosure of material events and information as per the Listing Regulations, which is available on our website https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Elecon-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) modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Audit Committee comprises of experts specializing in accounting/financial management. During the year under review Shri Jai S. Diwanji, Non - Executive and Independent Director, act as the Chairman of the Audit Committee meeting held on 3rd May, 2022 and thereafter on appointment of Shri Ashutosh Pednekar, Non - Executive and Independent Director, the Committee was re-constituted by Board on 11th July, 2022 and appointed Shri Ashutosh Pednekar to act as a Chairman for Audit Committee Meetings held during the year.

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

* Shri Jai S. Diwanji acted as a Chairman of the Committee meeting held on 3rd May, 2022.

Shri Ashutosh Pednekar acted as a Chairman of the Audit Committee meeting held thereafter from 21st July, 2022.

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

3.05.2022	21.07.2022	3.11.2022	24.01.2023	28.02.2023

Attendance at Audit Committee Meetings:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Ashutosh Pednekar	4	4
Shri Jai S. Diwanji	5	5
Shri Pradip M. Patel	5	5
Dr. Sonal V. Ambani	5	5

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

During the year under review, the Board had approved the re-constitution of the Audit Committee as under effective from 11th July, 2022:

The present composition of the Audit Committee is as under:

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

The CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meetings and attended & participated at the meetings of the Committee. The Company Secretary of the Company acts as the Secretary of the Committee. Shri Jai Diwanji, Chairman of the Audit Committee upto 11th July, 2022 had attended the last Annual General Meeting (AGM) held on 28th June, 2022.

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

B. Nomination and Remuneration Committee

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

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

   For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates.

2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;

4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
5. Review 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 policy is framed by the Nomination and Remuneration Committee and approved by the Board. The terms and conditions of appointment are disclosed in the website of the Company at https://www.elecon.com/investors/policies.

During the financial year under review, the composition of Nomination and Remuneration Committee was 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
Dr. Sonal V. Ambani	Member	Independent & Non-Executive Director

The Nomination and Remuneration Committee met once on 30th April, 2022 during the financial year through video conference mode as allowed under MCA Circulars and SEBI Circulars.

Attendance at Nomination and Remuneration Committee Meetings:

Name of Members	No. of Meeting Held During the tenure of Membership	No. of Meeting Attended
Shri Jai S. Diwanji	1	1
Shri Pradip M. Patel	1	1
Dr. Sonal V. Ambani	1	0

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

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

(I) Nomination & Remuneration Policy

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company, which is uploaded on the website of the Company https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/Nomination%20&%20Remuenration%20Policy%20-25.04.2023.pdf.

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

The Company's remuneration policy is driven by the success and performance of the managerial personnel. While reviewing the remuneration of managerial personnel, Key Managerial Personnel (KMPs) and 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 ₹ 10,00,000/- to each Non-Executive Directors for the Financial Year ended on 31st March, 2023. The Non-Executive Directors do not draw any remuneration from the Company other than the commission and sitting fees. The Company pays the the sitting fees to each Non-Executive Director at the rate of ₹ 30,000/- for attending each Board Meeting & Audit Committee Meeting, ₹ 12,000/- for Management Committee and Independent Directors Meeting, ₹ 10,000/- for Nomination & Remuneration Committee Meeting, ₹ 6,000/- for Committee Meetings. The details of sitting fees & commission paid to Non-Executive Directors for attending Board and Committee Meetings during the financial year 2022-23, are as under:

(₹ in Lakhs)

Name of Directors	Sitting fees for 2022-23	Commission on Annual basis for the year 2022-23	Total
Shri Pradip M. Patel	3.16	10.00	13.16
Shri Jai S. Diwanji	3.40	10.00	13.40
Dr. Sonal V. Ambani	3.18	10.00	13.18
Shri Prashant C. Amin	1.68	10.00	11.68
Shri Pranav C. Amin	1.02	10.00	11.02
Shri Ashutosh Pednekar	2.52	10.00	12.52

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

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 by the Company for the Financial Year 2022-23 is as follow:

(₹ in Lakhs)

Name of Directors	Salary	Perquisites*	Commission	Total
Shri Prayasvin B. Patel#	303.39	5.29	900.00	1,208.68

The appointment is contractual.

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

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

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

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

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

C. Stakeholders Relationship Committee

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

Terms of Reference:

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

The Stakeholders Relationship Committee met once on 19th April, 2022 during the financial year under review through video conference mode as allowed under MCA Circulars and SEBI Circulars.

Attendance at Stakeholders Relationship Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meeting Attended
Shri Jai S. Diwanji	1	1
Shri Pradip M. Patel	1	1
Dr. Sonal V. Ambani	1	0

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 11 investors' complaints were received and resolved pertaining to Equity Shares of the Company. There was no unattended or pending investor grievance as on 31st March, 2023. 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 is as under:

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

The CSR Committee met once during the Financial Year on 3rd May, 2022 through video conference mode as allowed under MCA Circulars and SEBI Circulars.

Attendance at CSR Committee Meeting:

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

The Company Secretary acts as a secretary to the Committee.

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

E. Risk Management Committee

As per the 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 had constituted the Risk Management Committee comprising of the following members:

Name of Members	Designation	Category
Shri Jai Diwanji	Chairman	Independent Director
Shri Prayasvin B. Patel	Member	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)

* * They are the Senior Management persons of the Company.

The Committee met Two times on the following dates during the last financial year through video conference mode:

30.06.2022	15.12.2022

Attendance at Risk Management Committee Meeting:

Name of Members	No. of Meetings Held During the tenure of Membership	No. of Meetings Attended
Shri Jai Diwanji	2	2
Shri Prayasvin B. Patel	2	0
Shri Prashant C. Amin	2	2
Shri M. M. Nanda	2	2
Shri P. K. Bhasin	2	2

The Company Secretary acts as a secretary to the Committee.

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

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.

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

F. Management Committee:

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

During the year under review, following is the composition of Management Committee:

Name of Members	Designation	Catagory
Shri Prayasvin B. Patel	Chairman	Non-Independent & Executive Director
Shri Prashant C. Amin	Member	Non-Independent & Executive Director
Shri Jai S. Diwanji	Member	Independent &Non-Executive Director
Shri. Pranav Amin	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
2019-20	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	24-09-2020	Thursday	10.00 a.m.	2
2020-21	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	06-08-2021	Friday	4.00 p.m.	1
2021-22	Elecon Engineering Co. Ltd., Through Video Conferencing	AGM	28-06-2022	Tuesday	3.00 p.m.	1

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 policy on Related Party Transactions as approved by the Board of Directors is uploaded on the Company's website at https://www.elecon.com/views/templates/admin-uploads/Investors/Policies/RPT-Policy-2022-FINAL.pdf.

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

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

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

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

Disclosure of Accounting Treatment

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

Dividend History

Year	Rate (%)	Per Share (₹)	Amount (₹ in Lakhs)
2013-2014	50%	1.00	1,089.36
2014-2015	55%	1.10	1,198.29
2015-2016	55%	1.10	1,198.29
2016-2017	25%	0.50	561.00
2017-2018	10%	0.20	224.40
2018-2019	10%	0.20	224.40
2019-2020	Nil	Nil	Nil
2020-2021	20%	0.40	448.80
2021-2022	70%	1.40	1,570.80
2022-2023*	100%	2.00	2,244.00

* Subject to the approval by the members at the 63rd AGM. For financial year 2022-23, the Board of Directors recommended Final Dividend of ₹ 2/- (i.e. 100%) per Equity Share.

Stock Options / Convertible instruments

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

Green Initiative

Electronic copies of the Annual Report 2022-23 and the Notice of the 63rd 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 : Wednesday, 28th June, 2023 at 3.00 p.m. IST

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

b) Financial Calendar : 1st April to 31st March

c) Date of Book Closure : Saturday, 10th June, 2023 to Wednesday, 28th June, 2023 (both days inclusive).

d) Dividend Payment Date : Credit/dispatch of Dividend Warrants on or after Saturday, 1st July, 2023.

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)

The Company has paid the Annual Listing fees to the Stock Exchanges for the Financial Year 2022-23.

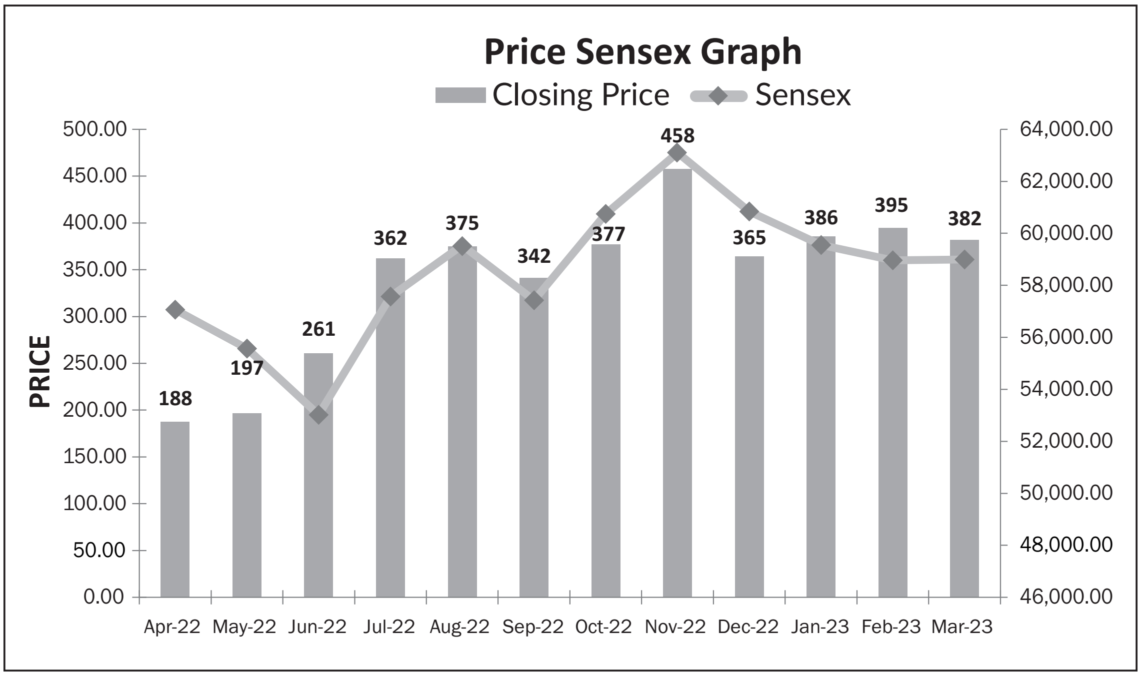
f) **Demat ISIN in NSDL and CDSL**

- For Equity Shares : INE 205B01023

g) **Stock Market Price Data** : Monthly share price movement during the financial year 2022-23 at BSE & NSE

Months	BSE			NSE		
	High	Low	Volume (In Lakhs)	High	Low	Volume (In Lakhs)
Apr – 2022	199.55	143.00	23.40	199.80	143.10	155.95
May – 2022	212.00	158.80	20.77	212.40	157.35	154.19
June – 2022	289.90	194.75	41.22	289.90	197.25	471.66
July – 2022	394.05	254.00	32.24	393.95	254.00	397.97
Aug – 2022	394.50	332.00	12.27	394.90	331.95	100.30
Sep – 2022	415.00	318.15	15.34	415.60	318.00	98.33
Oct – 2022	390.00	318.25	5.73	390.00	317.40	40.11
Nov – 2022	465.00	346.30	11.50	465.00	345.95	117.11
Dec – 2022	475.75	331.25	6.21	476.00	335.00	54.22
Jan – 2023	406.00	354.50	6.07	406.70	354.45	55.90
Feb – 2023	433.35	359.85	16.32	433.70	359.65	64.38
Mar - 2023	406.25	349.90	8.12	406.95	349.85	46.80

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:

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

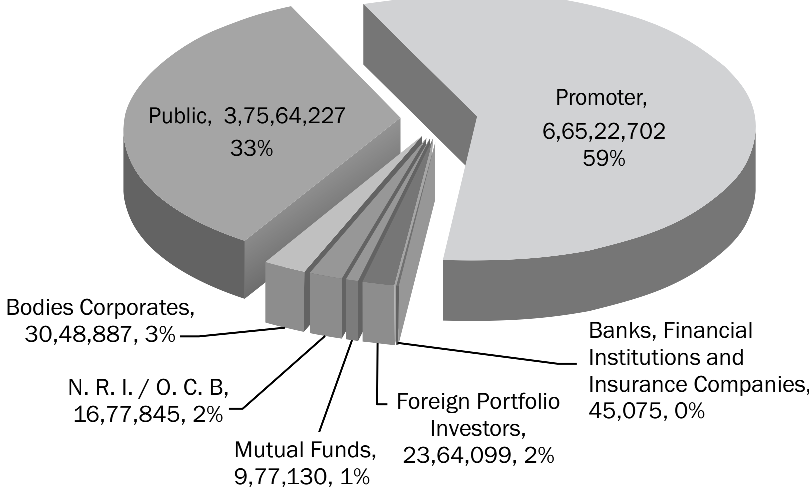
Shareholders are requested to correspond directly with the R & T Agent for transfer / transmission of shares, change of address, queries pertaining to their shares, dividend etc.

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 31st March, 2023.**

Category	No. of Shares held	(%) of total
Promoters	66522702	59.29
Banks, Financial Institutions and Insurance Companies	45075	0.04
Foreign Portfolio Investors	2364099	2.11
Mutual Funds	977130	0.87
N.R. I. / O.C. B.	1677845	1.50
Bodies Corporate	3048887	2.72
Public	37564227	33.48
TOTAL	**11,21,99,965**	**100.00**



Shareholding Pattern

k) **Distribution of Shareholding as on 31st March, 2023**

Category	No. of Shareholders	Percentage	No. of Shares	Percentage
1 - 500	55,288	87.4879	58,19,166	5.19
501 – 1000	3,584	5.6713	28,26,891	2.52
1001 – 2000	1,892	2.9939	28,02,370	2.50
2001 – 3000	782	1.2374	19,94,681	1.78
3001 – 4000	340	0.5380	12,10,892	1.08
4001 – 5000	276	0.4367	12,77,328	1.14
5001 – 10001	520	0.8228	37,75,255	3.36
Above 10001	513	0.8118	9,24,93,382	82.44
TOTAL	**63,195**	**100.00**	**11,21,99,965**	**100.00**

l) **Dematerialization of Shares and Liquidity**

As on 31st March, 2023, 11,08,81,980 Shares were in dematerialized form representing 98.83% 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 31st March, 2023:**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2023.

n) **Unclaimed Dividend**

As per the provisions of Section 124 read with Section 125 of Companies Act, 2013, the Company is required to transfer the dividend remained unclaimed and unpaid for a period of seven years from the due dates to the Investor Education and Protection Fund (IEPF) set up by the Central Government. During the year, the unclaimed dividend pertaining to the financial year 2014-15 has been transferred to the Investor Education & Protection Fund.

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

Financial Year	Date of declaration	Proposed date for transfer to IEPF*	Amount (₹ in Lakhs) lying unpaid as on 31.03.2022
2015-2016	26-07-2016	25-08-2023	19.31
2016-2017	03-08-2017	02-08-2024	10.13
2017-2018	26-09-2018	30-10-2025	3.33
2018-2019	17-09-2019	21-10-2026	2.96

**2019-2020	-	-	Not Applicable
2020-2021	06-08-2021	10-09-2028	5.19
2021-2022	28-06-2022	02-07-2029	14.38
Total amount lying unpaid as on 31st March, 2023			**55.30**

* 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 shareholders 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 1st April, 2022 aggregate 51,635 Nos. (Fifty One Thousand Six Hundred and Thirty Five Only) Equity Shares of ₹ 2/- each was lying unclaimed in Elecon Engineering Company Limited – Unclaimed Suspense Account. During the year under review, 3 Nos. (Three) shareholders have claimed total 2030 Nos. (Two Thousand and Thirty) Equity Shares of ₹ 2/- each and total 10,300 Nos. (Ten Thousand Three Hundred) Equity Shares of ₹ 2/- was transferred to IEPF authority demat account pursuant to IEPF rules. The Closing balance of Unclaimed Suspense Account as on 31st March, 2023 was 39,305 Nos. (Thirty Nine Thousand Three Hundred and 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 compliance with the aforesaid provisions and the Rules made thereunder, transferred total 1,21,604 number of equity shares of 248 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) 238701, 238702
Email address : **investor.relations@elecon.com**

6. **Credit Rating**

Following are the list of credit ratings obtained by the Company from Brickwork Ratings India Private Limited (BWR) (Previous Rating Agency) and ICRA Limited (Current Rating Agency) during the Financial Year 2022-23:

Rating by Brickwork Ratings India Private Limited (BWR) For Bank Loan Facilities:

Instrument Details	Amount (₹ in Crores)		Previous Rating (September, 2021)	Rating* (May, 2022)
	Previous	Present		
Fund Based Working Capital	235.50	207.50	BWR A - (Pronounced as BWR A Minus) (Outlook : Stable)	BWR A (Outlook-Stable Upgrade)
Non-Fund Based Working Capital	499.00	499.00		
Total Amount	**734.50**	**706.50**		

* The same has been withdrawn by the Rating Agency on the request of the Company vide its letter dated 27th October, 2022 and the same has been intimated to the Stock Exchanges by the Company on 2nd November, 2022.

Rating by ICRA Limited (ICRA) For Bank Loan Facilities of ₹ 500.00 Crores:

	Rating June, 2022		Current Rating October, 2022	
Instrument Details	**Amount (₹ in Crores)**	**Rating**	**Amount (₹ in Crores)**	**Rating**
Rated on Long Term Scale: Cash Credit Limits	175.00	[ICRA]A+ (Stable)	150.00	[ICRA]A+ (Stable)
Rated on Short Term Scale: Non-Fund Based Limits	325.00	[ICRA]A1	350.00	[ICRA]A1

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

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

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

- **The Board**

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

- **Shareholders rights**

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

- **Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

  The Company has not adopted the said discretionary requirement.

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

  The Company's Standalone & Consolidated Financial Statements for the financial year ended on 31st March, 2023 are with unmodified audit opinion.

- **Reporting of Internal Auditor**

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

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

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

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

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

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

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

35 to the Consolidated Financial Statements.

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

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

Regulation No.	Particulars	Compliance Status (Yes or No)
17	Board of Directors	Yes
17A	Maximum Number of Directorships	Yes
18	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

11. 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.

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

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

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

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

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 **31st March, 2023** 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, D 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 **31st March, 2023**, 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 : A039229E000187168

Place : Anand
Date : 25th April, 2023

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 31st March, 2023.

For, **Elecon Engineering Company Limited,**

Prayasvin B. Patel
Chairman & Managing Director
DIN : 00037394

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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 31st March, 2023 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 31st March, 2023, 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 31st March, 2023;

  (ii) there are no significant changes in accounting policies during the financial year ended on 31st March, 2023 and that the same have been disclosed in the notes to the financial statements; and

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

For **Elecon Engineering Company Limited,**

Prayasvin B. Patel
Chairman & Managing Director

Narasimhan Raghunathan
Chief Financial Officer

Place : Vallabh Vidyanagar
Date : 25th April, 2023

INDEPENDENT AUDITORS' REPORT

To,
The Members of
ELECON ENGINEERING COMPANY LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Elecon Engineering Company Limited** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, 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 significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditor's Response
1.	**Allowance for Expected credit loss on trade receivables.** 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 the above, 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 among others, to obtain sufficient and appropriate audit evidence: • Evaluating the accounting policy for impairment of trade receivables in terms of the relevant Indian 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. • Evaluated monitoring mechanism by the company related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses; • 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 evaluated the historical credit loss experience, current observable data and forward-looking outlook; • Assessing the adequacy of the related disclosures in the Standalone Financial Statements with reference to the relevant Indian accounting standards.

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31st March, 2023

Key Audit Matter (Contd...)

Sr. No.	The key audit matter	Auditor's Response
2.	**Related party transactions** The Company has undertaken several transactions with its related parties. These include sale of goods, purchase of goods and availing services from related parties. We identified related party transactions as a key audit matter due to significance of related party transactions, increased regulatory compliances and risk of such transactions remaining undisclosed in the financial statements.	In view of the significance of the matter, we applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence: • Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions. • Read minutes of shareholder meetings, board meetings, audit committee meetings and reports of Internal Auditors regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length. • Tested, on a sample basis, related party transactions with the underlying contracts, confirmations and other supporting documents. • Verified the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.
3.	**IT systems and controls over financial reporting.** We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	In view of the significance of the matter, we applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence: • Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit; • Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations; • Performed inquiry procedures with the IT team of the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year; • Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company; • Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.

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

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

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31st March, 2023

respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

Year Ended 31st March, 2023

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
    d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act;
    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to Standalone Financial Statements;
    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

        In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer note no- 42 to the Standalone Financial Statements;
        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on, long term contracts including derivative contracts - Refer note no- 8 to the Standalone Financial Statements;
        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
        iv. a) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries "), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

            b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS
Year Ended 31st March, 2023

c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under a) and b) above, contain any material misstatement.

v. The final dividend paid by the company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend;

As stated in note no.- 17.2 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuring Annual General Meeting. The dividend declared is in accordance with section 123 of the Companies Act, 2013 , to the extent it applies to declaration of dividend;

vi. As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable for the year under audit.

For **C N K & Associates LLP**
Chartered Accountants
Firm's Registration No: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
ICAI UDIN : 23037391BGULUY4527

Place : Vallabh Vidyanagar
Date : 25th April, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in normal course of audit, we state that:

I. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a programme of physical verification of its Property, Plant and Equipment, investment property and right-of-use assets so by which all the items are verified in a phased manner over a period of three years. In accordance with this programme, the Company has physically verified certain Property, Plant and Equipment during the year and the discrepancies were not material and have been properly dealt with in the books of account;

c) On the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except the following:

Description of property	Gross carrying value held (Rs. In Lakhs)	Title deeds held in name of	Whether promoter, director or their relative or employee	Period held since which date	Reason for not being held in name of company
Land - Survey No.79/P, 82/P1, 94/9, 99/1P, 100P, 108/P4, Naransari, Bhachau, Kutch	37.23	Veer Energy & Infrastructure Limited	No	August 29, 2008	Mutation Pending

d) The company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year;

e) As disclosed in note no. 47(1) of the Standalone Financial Statements, the Company does not have any proceedings initiated or pending for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder;

II. a) The physical verification of inventories except goods-in-transit have been conducted by the management during the year. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt in the books of account;

b) The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate during the year from various banks on the basis of security of current assets. The discrepancies in quarterly filed returns or statements with the books of accounts, which are not material, are mentioned in note no.18(h) to the Standalone Financial Statements.

III. a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under clause 3 (iii) a) of the order is not applicable;

b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest;

c) In the case of loans granted by the Company in earlier years, in our opinion, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular as per stipulation;

d) There is no overdue amount for more than ninety days in respect of loans granted in earlier years;

e) There are no loans which has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties;

f) During the year the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment. Hence reporting under clause 3 (iii) f) of the order is not applicable;

iv. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans granted, investment made, guarantee and securities provided, as applicable;

v. The Company has not accepted any deposits or amounts which are deemed to be deposits. Hence reporting under clause 3(v) of the order is not applicable;

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

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2023 (Contd...)

vii. In respect of statutory dues:

a) In our opinion, the company has been generally regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues to the extent applicable to the Company, in arrears as at March 31, 2023 for a period of more than six months from the date they became payable;

b) Details of statutory dues referred to in clause a) above which have not been deposited as on March 31, 2023 on account of any disputes are given below:

(₹ in Lakhs)

Sr. No.	Name of the statute	Nature of dues	Amount	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
1	Finance Act, 1994	Service Tax	2,811.40	249.47	2009 to 2014	CESTAT, Ahmedabad
2	Central Excise Act, 1944	Excise Duty	1,869.12	-	November 2014 to June 2017	Gujarat High Court
3	Central Excise Act, 1944 & Finance Act, 1994	Excise Duty and Service tax	135.49	-	July 2017	Gujarat High Court
4	Sales Tax Act (State of West Bengal)	Sales Tax / Value Added Tax	337.30	9.75	2010-11	Sales Tax Appellate Tribunal
5	Goods & Service Tax, 2017	Goods & Service Tax	927.45	92.74	July 2017	Additional Commissioner of GST & Central Excise
6	Goods & Service Tax, 2017	Goods & Service Tax	8.79	0.48	2018-19	Deputy Commissioner of GST & Central Excise
7	Income Tax Act,1961	Income Tax	3,304.27	1,174.13	A.Y.2009-10, A.Y. 2014-15 to A.Y. 2018-19	Commissioner of Income Tax (Appeals)

viii. As disclosed in note no.- 47(4) of the Standalone Financial Statements, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;

ix. a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year;

b) As disclosed in note no.47(2) of the Standalone Financial Statements, the Company is not declared willful defaulter by any bank or financial institution or other lender;

c) On an examination of the records of the company, we report that the funds of term loans have been utilised for the purpose for which the loans were obtained;

d) We report that the company has not utilised funds raised on short term basis for long term purposes;

e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies;

x. a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x) a) of the order is not applicable;

b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2023 (Contd...)

or partly or optionally) during the year and hence the reporting under clause 3 (x) b) of the order is not applicable;

xi. a) No fraud by the Company and no material fraud on the company has been noticed or reported during the year;

b) No report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;

c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the order is not applicable;

xiii. The Company is in compliance with section 177 and 188 of the Companies Act, 2013, with respect to applicable transactions with the related parties ;

xiv. a) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;

b) We have considered report of the internal auditors for the period under audit; issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures;

xv. The Company has not entered into non-cash transactions with the directors or persons connected with its directors. Hence, the provisions of section 192 of the Companies Act, 2013 are not applicable;

xvi. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi) a), b) and c) of the order is not applicable;

b) As informed to us by the Management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and hence reporting under clause 3 (xvi) d) of the Order is not applicable;

xvii. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year;

xviii. There has been no resignation of the statutory auditors of the Company during the year;

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date; We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due;

xx. a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the Companies Act, 2013. Hence reporting under clause 3 (xx) a) of the Order is not applicable;

b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub-section (6) of section 135 of Companies Act, 2013. Hence reporting under clause 3 (xx) b) of the Order is not applicable.

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
ICAI UDIN : 23037391BGULUY4527

Place : Vallabh Vidyanagar
Date : 25th April, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to Standalone Financial Statements of **Elecon Engineering Company Limited** ("the Company") as of March 31, 2023 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, 2023, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

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

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

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
ICAI UDIN : 23037391BGULUY4527

Place : Vallabh Vidyanagar
Date : 25th April, 2023

STANDALONE BALANCE SHEET
as at 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	March 31, 2023	March 31, 2022
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	52,606.27	52,317.76
(b) Capital work-in-progress	3	12.40	15.40
(c) Investment property	4	2,522.95	2,534.67
(d) Right of Use Assets	3	5,274.63	3,753.67
(e) Other Intangible assets	5	153.76	187.84
(f) Financial assets			
(i) Investments	6	11,894.05	11,853.56
(ii) Loans	7	329.28	869.31
(iii) Other financial assets	8	845.25	186.57
(g) Income tax assets (net)	9	1,040.36	2,292.53
(h) Other non-current assets	10	1,166.88	935.56
Total non-current assets		**75,845.83**	**74,946.87**
II. Current assets			
(a) Inventories	11	17,574.14	18,041.60
(b) Financial assets			
(i) Investment	12	1,906.45	-
(ii) Trade receivables	13	29,944.32	37,908.89
(iii) Cash and cash equivalents	14	2,446.65	1,413.14
(iv) Bank balances other than (iii) above	14	11,121.50	2,494.88
(v) Loans	7	560.30	-
(vi) Other financial assets	8	852.49	6,800.91
(c) Other current assets	15	1,313.88	1,928.41
Total current assets		**65,719.73**	**68,587.83**
Total assets		**1,41,565.56**	**1,43,534.70**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	2,244.00	2,244.00
(b) Other equity	17	1,05,691.96	88,510.73
Total equity		**1,07,935.96**	**90,754.73**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	1,966.29
(ii) Lease liabilities	22	1,577.96	452.36
(b) Non-current provisions	19	869.97	912.55
(c) Other Non -Current liabilities	20	76.22	-
(d) Deferred tax liabilities (net)	37	2,619.93	2,760.09
Total non-current liabilities		**5,144.08**	**6,091.29**

STANDALONE BALANCE SHEET (Contd...)
as at 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	March 31, 2023	March 31, 2022
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	8,035.46
(ii) Lease liabilities	22	446.02	1,207.27
(iii) Trade payables	21		
(A) Total outstanding dues of micro enterprises and small enterprises		4,983.61	3,092.46
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		11,965.53	18,349.44
(iv) Other financial liabilities	23	600.02	808.46
(b) Other current liabilities	24	8,860.01	11,008.23
(c) Current provisions	25	1,314.56	2,213.96
(d) Current tax liabilities (net)	26	315.77	1,973.40
Total current liabilities		**28,485.52**	**46,688.68**
Total liabilities		**33,629.60**	**52,779.97**
Total equity and liabilities		**1,41,565.56**	**1,43,534.70**
The accompanying notes form an integral part of the standalone financial statements.	2 - 48		

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

STANDALONE STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 202	Year ended March 31, 2022
Income			
Revenue from operations	27	1,19,699.24	89,281.67
Other income	28	1,634.92	955.67
Total income (I)		**1,21,334.16**	**90,237.34**
Expenses			
Cost of materials consumed	29	54,071.19	44,891.61
Changes in inventories of finished goods and work-in-progress	30	751.26	(3,130.64)
Manufacturing expense and erection charges	31	11,781.67	8,935.77
Employee benefits expense	32	8,345.37	5,850.09
Finance costs	33	1,129.73	3,191.74
Depreciation and amortisation expense	3,4 & 5	3,928.36	3,825.19
Other expenses	34	16,680.73	14,312.33
Total expenses (II)		**96,688.31**	**77,876.09**
Profit before tax (I - II)		**24,645.85**	**12,361.25**
Tax expense	37		
Current tax		6,298.94	2,850.00
Adjustment of tax relating to earlier periods		(348.95)	123.37
Deferred tax	33	(119.02)	(163.90)
Total Tax Expense		**5,830.97**	**2,809.47**
Profit for the year from continuing operations		**18,814.88**	**9,551.78**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		(83.99)	(359.91)
Income tax related to items that will not be reclassified to profit or loss		21.14	75.12
Other comprehensive income (net of tax) for the year		**(62.85)**	**(284.79)**
Total comprehensive income for the year		**18,752.03**	**9,266.99**
Earnings per equity share	36		
Equity share of face value INR 2/- each			
Basic		16.77	8.51
Diluted		16.77	8.51

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

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2023

A. Equity Share Capital

(1) Current reporting period

(₹ in Lakhs)

Particulars	Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31,2023
Equity share capital	2,244.00	-	2,244.00	-	2,244.00

(2) Previous reporting period

(₹ in Lakhs)

Particulars	Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
Equity share capital	2,244.00	-	2,244.00	-	2,244.00

B. Other Equity

(1) Current reporting period

(₹ in Lakhs)

Particulars	Reserves & Surplus					
	Capital Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at April 1, 2022	**4,941.84**	**-**	**2,878.14**	**44,132.78**	**36,557.97**	**88,510.73**
Restated balance as at April 1, 2022	**4,941.84**	**-**	**2,878.14**	**44,132.78**	**36,557.97**	**88,510.73**
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(62.85)	**(62.85)**
Profit for the year	-	-	-	-	18,814.88	**18,814.88**
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**18,752.03**	**18,752.03**
Dividends	-	-	-	-	(1,570.80)	**(1,570.80)**
Balance as at March 31, 2023	**4,941.84**	**-**	**2,878.14**	**44,132.78**	**53,739.20**	**1,05,691.96**

(2) Previous reporting period

(₹ in Lakhs)

	Reserves & Surplus					
	Capital Reserve	Debenture Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at April 1, 2021	**4,941.84**	**2,500.00**	**2,878.14**	**44,132.78**	**25,239.78**	**79,692.54**
Restated balance as at April 1, 2021	**4,941.84**	**2,500.00**	**2,878.14**	**44,132.78**	**25,239.78**	**79,692.54**
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(284.79)	**(284.79)**
Profit for the year	-	-	-	-	9,551.78	**9,551.78**
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**9,266.99**	**9,266.99**
Dividends	-	-	-	-	(448.80)	**(448.80)**
Transfer to retained earnings	-	(2,500.00)	-	-	2,500.00	-
Balance as at March 31, 2022	**4,941.84**	**-**	**2,878.14**	**44,132.78**	**36,557.97**	**88,510.73**

For description of Reserves refer Note 17.

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

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

Himanshu Kishnadwala
Partner
Membership No: 037391

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

Place : Vallabh Vidyanagar
Date : 25th April, 2023

STANDALONE STATEMENT OF CASH FLOW

for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Cash flow from operating activities		
Profit before tax	**24,645.85**	**12,361.25**
Adjustments for:		
(i) Depreciation and amortisation expense	3,928.36	3,825.19
(ii) Finance costs	1,129.73	3,191.74
(iii) (Gain)/loss on fair valuation of investment	(49.23)	11.72
(iv) Loss on sold/discarded of property, plant and equipments (net)	159.47	461.60
(v) Interest income	(393.16)	(201.71)
(vi) Dividend income	(79.96)	(47.94)
(vii) Increase/(Decrease) in ECL provision	749.06	1,351.69
(viii) Unrealised exchange (gain) / loss	(78.75)	(158.14)
(ix) Provision for other contractual liabilities, warranty and others	(785.41)	448.49
(x) Increase/(reversal) of provision for onerous contract	(20.72)	(98.09)
(xi) Liabilities written-back	(264.38)	(92.52)
	28,940.86	**21,053.28**
Working Capital Adjustments		
(Increase)/Decrease in trade receivables	7,261.38	7,477.85
(Increase)/Decrease in inventories	467.46	(430.65)
(Increase)/Decrease in financial assets	5,289.73	13,686.01
(Increase)/Decrease in other current and non-current assets	615.76	1,112.81
(Decrease)/Increase in trade payables	(4,222.39)	(14,518.06)
(Decrease)/Increase in provisions, current and non-current liabilities	(2,312.98)	(4,848.28)
(Decrease)/Increase in other financial liabilities	(168.84)	(2,938.89)
Cash generated from operations	**35,870.98**	**20,594.07**
Taxes paid (net of Refund)	(6,355.45)	(2,823.35)
Net cash (used in)/generated from operating activities (A)	**29,515.53**	**17,770.72**
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(4,443.73)	(1,924.05)
Proceeds from sale of property, plant and equipment	21.20	253.16
Payments for Purchase of investments	(1,901.19)	-
Proceeds from sale of Investments	3.47	-
Interest received	393.16	201.71
Dividend received	79.96	47.94
Investment in Bank deposits	(8,626.62)	971.53
Net cash (used in)/generated from investing activities (B)	**(14,473.75)**	**(449.71)**
Cash flow from financing activities		
Repayments of non-current borrowings	(1,966.29)	(9,649.78)
(Repayment)/Proceeds of current borrowings (net) (Note 4)	(8,035.46)	(2,877.43)
Repayment against other financial arrangements	(1,193.27)	(1,062.03)
Finance cost paid	(1,169.33)	(3,437.86)
Dividend paid	(1,570.80)	(448.80)
Principal payment of lease liabilities	(73.12)	(26.11)
Net cash (used in)/generated from financing activities (C)	**(14,008.27)**	**(17,502.01)**

STANDALONE STATEMENT OF CASH FLOWS (Contd...)

for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	1,033.51	(181.01)
Cash and cash equivalents at beginning of the year (Refer note 14)	1,413.14	1,594.15
Cash and cash equivalents at the end of the period (Refer note 14)	2,446.65	1,413.14
Components of cash & cash equivalents :		
Cash on hand	0.26	0.26
Balances with banks		
- In current accounts	445.39	617.87
- Deposits with bank (with maturity up to 3 months)	2,001.00	795.01
	2,446.65	**1,413.14**

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, 2023:

(₹ in Lakhs)

Particulars	Borrowings	Lease Liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	10,001.75	1,659.63	-	40.58
Proceeds from borrowings	-	1,658.42	-	-
Repayment of borrowings/liabilites	(10,001.75)	(1,294.07)	-	-
Dividends paid (including taxes)	-	-	(1,570.80)	-
Interest paid	-	-	-	(1,169.33)
Net cash outflows	**0.00**	**2,023.98**	**(1,570.80)**	**(1,128.75)**
Charge to statement of profit and loss	-	-	-	1,129.73
Balance at the end of the year	**0.00**	**2,023.98**	**-**	**0.98**

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

1. Reporting entity

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

The Company is involved in the design and manufacturing of Industrial Gears and Material Handling Equipment also involved in providing erection and commissioning solutions for its products.

2. Basis of preparation

2.1 Statement of compliance

These Standalone financial statements of the Company comprises, the standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the 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 (as amended) notified under Section 133 of Companies Act, 2013, (the 'Act') and guidelines issued by the Securities and Exchange Board of India (SEBI).

Details of the Company's accounting policies are included in Note 2.5.

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

The preparation of the standalone financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Judgments

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

- **Note 6 –** identification of whether the Company has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4 –** identification of the land and/ or building as an investment property.
- **Note 6 –** determining the amount of Impairment loss.
- **Note 38 –** determining the amount of expected credit loss on financial assets (including trade receivables)
- **Note 2.5 I and 27–** identification of performance obligation in revenue recognition

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

- **Note 3-5 –** estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.
- **Note 37 –** recognition of tax expense;
- **Note 41 –** measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 20, 25 and 42 –** recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 38 –** impairment of financial and non-financial assets.
- **Note 25 and 44 –** Revenue recognition based on percentage of completion and provision for onerous contracts.
- **Note 3 and 22 -** Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives.
- The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

  The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.4 Measurement of fair values

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

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

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

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

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

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

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

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

- **Note 4 –** investment property;
- **Note 38 and 39 –** financial instruments.

2.5 Significant accounting policies

a) Business combinations

Business combinations (other than common control business combinations)

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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.

b) Operating cycle and classification of current and non-current:

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

All the assets and liabilities are classified as current and non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Foreign currency transactions

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

Transactions in foreign currencies are translated into the functional currency of the 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

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

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

Financial assets: Business model assessment

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

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

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

Derivative financial instruments:

The Company uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

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 labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

Subsequent measurement

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

Depreciation

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

Particulars	Depreciation Method	Useful life
Plant and Equipments*	Straight Line Basis	5 to 25 years
Buildings	Written Down Value Basis	10 to 60 years
All other Property Plant and Equipment	Written Down Value Basis	As prescribed in Schedule II to the Companies Act, 2013

*During the year on re-evaluation the useful life of one of the Plant and Equipment was changed from 10 years to 8 years; resulting in additional charge of INR 63.78 Lakhs.

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

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

Capital Work in Progress (CWIP)

Cost of assets not ready for intended use, as on the balance sheet date, is shown as CWIP. CWIP is stated at cost, net of accumulated impairment loss, if any.

Advances given towards acquisition of assets (including CWIP) and outstanding at each balance sheet date are disclosed as “Other Non-Current Assets”.

Derecognition

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

f) **Intangible assets**

Internally generated: Research and development activities and Enterprise resource planning software

Expenditure on research activities is recognised in statement of profit and loss as incurred.

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

Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent expenditure

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

Amortisation

Amortisation is calculated to amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and amortisation in Statement of profit and loss is provided below:.

Particulars	Depreciation Method	Useful life
Computer Software	Straight Line Basis	3 years*
Licenses	Straight Line Basis	6 years

* During the year on re-evaluation the useful life was changed from 6 years to 3 years; resulting in additional charge of INR 87.05 Lakhs.

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 25-60 years as representing the best estimate of the period over which investment properties (which are quite similar) are expected to be used. Accordingly, the Company depreciates investment properties over this period on a straight-line basis. This is different from the indicative useful life of relevant type of assets mentioned in Schedule II to the Companies Act 2013.

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and included in the statement of profit or loss in the period in which the property is derecognized.

h) **Inventories**

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

- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

- **Stores and spares** (consisting of engineering spares, which are used in operating machines or consumed as indirect materials in the manufacturing process): cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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.

Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

l) **Revenue recognition**

Sale of goods and services

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

Revenue from services rendered is recognised when services are rendered.

Transaction Price

The Company is required to determine the transaction price in respect of each of its contracts with customers. Contract with customers for sale of goods or services are either on a fixed price or on variable price basis. For allocating the transaction price, the Company measures the revenue in respect of each performance obligation of contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In making judgment about the standalone selling price, the Company also assesses the impact of any variable consideration in the contract, due to discounts or rebates.

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.

Dividend and Interest income

Dividend income from investments is recognised when the Company's right to receive payment is established.

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Insurance claim

Insurance claims are recognised on the basis of claims admitted / expected to be admitted, to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Other Income

Other income is comprised primarily of gain / loss on investments, exchange gain/loss on foreign currency transactions and commission for corporate guarantee.

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) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to PPE are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

The export incentives received by the Company such as duty draw back, Remission of Duties or Taxes on Export Products Scheme (RoDTEP) and Export Promotions on Capital Goods (EPCG) scheme are treated as government grants.

n) Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a Purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

o) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it may relate to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

Current tax

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

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

Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

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

p) Borrowing cost

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

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 43.

r) Cash and cash equivalents

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

s) Investments in subsidiaries and associates

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

t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from the operating, investing and financing activities of the Company are segregated. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

u) The Dividend Distribution to equity shareholders:

The Holding Company recognises a liability to make cash distributions to equity holders when the distribution is

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

authorized and the distribution is no longer at the discretion of the Holding Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

v) Earnings per share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.6 Recent pronouncements

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from April 1, 2023.

a) Ind AS 101 – First time adoption of Ind AS – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets.

b) Ind AS 102 – Share-based Payment – modification relating to adjustment after vesting date to the fair value of equity instruments granted.

c) Ind AS 103 – Business Combination – modification relating to disclosures to be made in the first financial statements following a business combination.

d) Ind AS 107 – Financial Instruments Disclosures – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments.

e) Ind AS 109 – Financial Instruments – modification relating to reassessment of embedded derivatives.

f) Ind AS 1 - Presentation of Financials Statements – modification relating to disclosure of ‘material accounting policy information’ in place of ‘significant accounting policies’.

g) Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors – modification of definition of ‘accounting estimate’ and application of changes in accounting estimates.

h) Ind AS 12 – Income Taxes – modification relating to recognition of deferred tax liabilities and deferred tax assets.

i) Ind AS 34 – Interim Financial Reporting – modification in interim financial reporting relating to disclosure of ‘material accounting policy information’ in place of ‘significant accounting policies’.

The Company is evaluating the amendments and the expected impact, if any, on the Company’s financial statements on application of the amendments for annual reporting periods beginning on or after April 01, 2023.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

3 : Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Land	Buildings	Plant & Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Electrical Installations & fittings	Sundry Equipments	Total	Capital work in progress
Cost										
As at April 1, 2021	**27,453.32**	**7,326.07**	**43,207.40**	**663.06**	**494.27**	**1,406.38**	**1,664.79**	**307.86**	**82,523.15**	**30.96**
Additions	-	27.73	1,680.72	-	11.93	116.87	93.53	-	1,930.78	1,915.22
Deductions	(21.07)	(11.90)	(1,312.32)	(392.64)	(324.94)	(353.77)	(125.66)	(280.79)	(2,823.09)	-
Recoupment/Adjustment	-	(1.62)	(1,776.27)	16.65	25.94	8.54	(954.00)	(25.03)	(2,705.79)	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,930.78)
As at March 31, 2022	**27,432.25**	**7,340.28**	**41,799.53**	**287.07**	**207.20**	**1,178.02**	**678.66**	**2.04**	**78,925.05**	**15.40**
Additions	1.60	10.00	3,546.57	4.75	86.52	236.85	408.01	-	4,294.30	4,291.30
Deductions	-	-	(997.26)	(119.94)	(2.75)	(768.09)	(384.54)	(1.03)	(2,273.61)	-
Capitalised	-	-	-	-	-	-	-	-	-	(4,294.30)
As at March 31, 2023	**27,433.85**	**7,350.28**	**44,348.84**	**171.88**	**290.97**	**646.78**	**702.13**	**1.01**	**80,945.74**	**12.40**
Accumulated depreciation										
As at April 1, 2021	**-**	**3,851.51**	**20,051.49**	**541.46**	**401.97**	**1,169.25**	**1,516.14**	**284.69**	**27,816.52**	
Depreciation for the year	-	391.56	3,027.79	26.47	11.09	105.41	42.48	1.66	3,606.46	
Deductions	-	(3.43)	(801.03)	(360.61)	(256.28)	(314.74)	(109.87)	(262.37)	(2,108.33)	
Recoupment/Adjustment	-	(16.70)	(1,762.78)	12.34	25.94	7.94	(951.83)	(22.27)	(2,707.36)	
As at March 31, 2022	**-**	**4,222.94**	**20,515.47**	**219.66**	**182.72**	**967.86**	**496.92**	**1.71**	**26,607.29**	
Depreciation for the year	-	317.77	2,992.00	16.24	27.90	176.51	64.15	0.09	3,594.66	
Deductions	-	-	(683.05)	(109.89)	(2.07)	(712.01)	(354.56)	(0.90)	(1,862.48)	
As at March 31, 2023	**-**	**4,540.71**	**22,824.42**	**126.01**	**208.55**	**432.36**	**206.51**	**0.90**	**28,339.47**	
Carrying value (net)										
As at March 31, 2023	**27,433.85**	**2,809.57**	**21,524.42**	**45.87**	**82.42**	**214.42**	**495.62**	**0.11**	**52,606.27**	
As at March 31, 2022	**27,432.25**	**3,117.34**	**21,284.06**	**67.41**	**24.48**	**210.16**	**181.74**	**0.33**	**52,317.76**	

Notes :

1) Refer to Note 18 for information on property, plant and equipment pledged as security by the Company.
2) For capital commitments, refer Note 42 (b).
3) During the year on re-evaluation the useful life of one of the Plant and Equipment was changed from 10 years to 8 years; resulting in additional charge of INR 63.78 Lakhs.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

3. The following is the movement in Right of use Assets (ROU) during the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Lease Land	Building	Plant & Equipments	Total
I. Cost				
As at April 1, 2021	**3,936.33**	**125.19**	**13.61**	**4,075.13**
Additions	-	-	9.35	9.35
Deduction	-	(48.82)	-	(48.82)
Recoupment/Adjustment	-	(19.41)	(0.01)	(19.42)
As at March 31,2022	**3,936.33**	**56.96**	**22.95**	**4,016.24**
Addition during the year	1,658.42	-	-	1,658.42
As at March 31,2023	**5,594.75**	**56.96**	**22.95**	**5,674.66**
II. Accumulated Depreciation				
As at April 1, 2021	**142.61**	**83.16**	**8.79**	**234.56**
Depreciation during the year	71.31	17.74	5.23	94.28
Deduction	-	(48.82)	-	(48.82)
Recoupment/Adjustment	-	(19.41)	1.96	(17.45)
As at March 31,2022	**213.92**	**32.67**	**15.98**	**262.57**
Depreciation during the year	124.43	12.14	1.87	138.44
Recoupment/Adjustment	-	-	(0.98)	(0.98)
As at March 31,2023	**338.35**	**44.81**	**16.87**	**400.03**
Carrying value (net) as at March 31, 2023	**5,256.40**	**12.15**	**6.08**	**5,274.63**
Carrying value (net) as at March 31, 2022	**3,722.41**	**24.29**	**6.97**	**3,753.67**

3A. Title Deeds of Immovable Properties not held in the name of the Company

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value (₹ in Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter /director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant & Equipment	LAND					
	Survey No.79/P, 82/P1, 94/9, 99/1P, 100P, 108/P4, Naransari, Bhachau, Kutch.	37.23	Veer Energy & Infrastructure Ltd.	No	August 29, 2008	Mutation Pending.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

3B. CWIP Ageing Schedule

(i) **For the year ending March 31 2023.** (₹ in Lakhs)

CWIP as on March 31, 2023	Amount in CWIP				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12.40	-	-	-	**12.40**

Note: There are no projects whose completion is overdue or has exceeded its cost.

(ii) **For the year ending March 31 2022.** (₹ in Lakhs)

CWIP as on March 31, 2022	Amount in CWIP				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	15.40	-	-	-	**15.40**

Note: There are no projects whose completion is overdue or has exceeded its cost.

4. Investment property

(₹ in Lakhs)

Particulars	Land	Office Building	Total
Cost			
As at April 1, 2021	**2,300.29**	**335.62**	**2,635.91**
Addition	-	-	-
As at March 31, 2022	**2,300.29**	**335.62**	**2,635.91**
Addition	-	-	-
As at March 31, 2023	**2,300.29**	**335.62**	**2,635.91**
Accumulated depreciation			
As at April 1, 2021	**-**	**88.91**	**88.91**
Depreciation for the year	-	12.33	12.33
As at March 31, 2022	**-**	**101.24**	**101.24**
Depreciation for the year	-	11.72	11.72
As at March 31, 2023	**-**	**112.96**	**112.96**
Carrying value (net)			
As at March 31, 2023	**2,300.29**	**222.66**	**2,522.95**
As at March 31, 2022	**2,300.29**	**234.38**	**2,534.67**

Information regarding income and expenditure of Investment property (₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Rental income derived from Investment property	12.92	13.23
Direct operating expenses (including repairs and maintenance) generating rental income	1.00	1.05
Profit arising from investment property before depreciation and indirect expenses	**11.92**	**12.18**
Less : Depreciation	11.72	12.33
(Loss) arising from investment property before indirect expenses	**0.20**	**(0.15)**

Notes :

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

4. Investment property (Contd...)

Fair value of the Investment property is as under: (₹ in Lakhs)

Fair value	Land	Office Building
Balance as at April 1, 2021	**2,755.44**	**618.63**
Fair value increase/(decrease) for the year	66.43	35.35
Purchases / (Sale)	-	-
Balance as at March 31, 2022	**2,821.87**	**653.98**
Fair value increase/(decrease) for the year	66.44	8.83
Purchases / (Sale)	-	-
Balance as at March 31, 2023	**2,888.31**	**662.81**

Estimation of fair value

As at March 31, 2023 and March 31, 2022 the fair values of the property are based on valuations performed by Registered Valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules 2017.

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

The Company obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment property as at March 31, 2023 and March 31, 2022 is done based on market feedback on values of similar properties and hence considered under “”Level 2”” of fair value measurement.

5. Other Intangible assets

(₹ in Lakhs)

Particulars	Computer Software	Technical Knowhow -Acquired	Licenses	Total
Cost				
As at April 1, 2021	**1,077.58**	**42.68**	**381.71**	**1,501.97**
Additions	-	-	-	-
Recoupment / Adjustment	88.68	341.63	191.05	621.36
Deductions	(526.78)	(384.31)	(532.38)	(1,443.47)
As at March 31, 2022	**639.48**	**-**	**40.38**	**679.86**
Additions	152.43	-	-	152.43
Deductions	(59.94)	-	-	(59.94)
As at March 31, 2023	**731.97**	**-**	**40.38**	**772.35**
Accumulated amortisation				
As at April 1, 2021	**800.13**	**42.68**	**359.19**	**1,202.00**
Amortisation for the year	104.46	-	7.66	112.12
Recoupment / Adjustment	88.82	341.63	190.92	621.37
Deductions	(526.78)	(384.31)	(532.38)	(1,443.47)
As at March 31, 2022	**466.63**	**-**	**25.39**	**492.02**
Amortisation for the year	177.55	-	6.00	183.54
Deductions	(56.97)	-	-	(56.97)
As at March 31, 2023	**587.21**	**-**	**31.39**	**618.59**
Carrying value (net)				
As at March 31, 2023	**144.76**	**-**	**8.99**	**153.76**
As at March 31, 2022	**172.85**	**-**	**14.99**	**187.84**

Note :

1. Computer software consists of capitalised development costs of enterprise resource planning software being internally generated intangible assets.
2. There are no Intangible Assets under development as on 31st March 2023 and 31st March 2022.
3. During the year on re-evaluation the useful life was changed from 6 years to 3 years; resulting in additional charge of INR 87.05. Lakhs.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

6. Non-Current Financial assets - Investments

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
Investment in subsidiary companies (Fully paid-up) (at cost) - Unquoted (refer note 2.5(s))			
(a) 12,486,287 equity shares (March 31, 2022 : 12,486,287 equity shares) of GBP 1 each of Radicon Transmission UK Limited - United Kingdom		11,297.04	11,297.04
(b) 897,844 equity shares (March 31, 2022 : 897,844 equity shares) of S$ 1 each of Elecon Singapore Pte. Limited		247.60	247.60
(c) 600 equity shares (March 31, 2022 : 600 equity shares) of AED 1000 each of Elecon Middle East FZE		72.61	72.61
	(A)	**11,617.25**	**11,617.25**
Investment in associates (Fully paid-up) (at cost) (refer note 2.5(s))			
Quoted			
(a) 958,426 equity Shares (March 31, 2022 : 958,426 equity shares) of INR 10 each of Eimco Elecon (India) Limited		217.29	217.29
200,000 equity shares (March 31, 2022 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans. (Refer Note 18.2(b))			
	(B)	**217.29**	**217.29**
Investments carried at fair value through profit and loss:			
Investment in equity shares			
(i) Unquoted			
(a) 200,000 equity Shares (March 31, 2022 : 200,000 equity shares) of INR 10 each of Eimco Elecon Electricals Limited		59.36	15.40
(b) 30 equity shares (March 31, 2022: 30 equity shares) of INR 500 each of Charotar Gas Sahakari Mandali Limited #		0.15	0.15
	(C)	**59.51**	**15.55**
Investment in mutual funds (mandatorily measured at FVTPL) Quoted			
(a) NIL units (March 31, 2022 637,047.49 units) of Aditya Birla Sunlife Medium Term Plan - Growth Regular Plan.		-	3.47
	(D)	**-**	**3.47**
Total Investments (A+B+C+D)		**11,894.05**	**11,853.56**
Aggregate value of quoted investments (including investments in associates)		217.29	220.76
Aggregate market value of quoted investment (other than investments in associates)		-	3.47
Aggregate value of unquoted investments (including investments in subsidiaries and associates)		11,676.76	11,632.80

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

7. Financial asset - Loans

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Loans receivable unsecured - considered good				
Loans to related party*	560.30	329.28	-	869.31
Total Loans	**560.30**	**329.28**	**-**	**869.31**

* Loans to related party represent loans given to wholly owned subsidiary - Radicon Transmission UK Limited, 3% ROI effective 1st January 2022 (Previous Year 3% ROI effective 1st January 2022, before 1st January 2022 ROI was LIBOR plus 375 BPS).

Loans or Advances in nature of Loans to Related Parties

(₹ in Lakhs)

Particulars	For the year ending March 31, 2023		For the year ending March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Personnel	-	-	-	-
Wholly-owned Subsidiary	889.58	100.0%	869.31	100.0%

8. Financial asset - Other financial assets

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Unbilled revenue - Contract assets	102.78	-	6,314.06	-
Deposits with bank earmarked as margin money	-	845.25	-	186.57
Other receivables- Security Deposit	499.15	-	408.66	-
Accrued Interest on Fixed Deposit	243.93	-	78.19	-
Asset on account of Forex Derivative	6.63	-	-	-
Total other financial assets	**852.49**	**845.25**	**6,800.91**	**186.57**

Security deposits are primarily in relation to public utility services, tender deposits and rental properties.

9. Income tax assets (net)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Income tax assets (net)	1,040.36	2,292.53
Total income tax assets (net)	**1,040.36**	**2,292.53**

10. Other non-current assets

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Capital advances	395.12	64.68
Prepaid expenses	121.46	204.89
Balances with government authorities (including amount paid under protest)	650.30	665.99
Total other non-current assets	**1,166.88**	**935.56**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

11. Inventories

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
(At lower of cost and net realisable value)#		
Raw materials	4,333.54	4,355.06
Work-in-progress	6,787.92	9,126.97
Finished goods	1,926.32	2,018.81
Goods in transit	3,377.06	1,696.79
Stores and spares	1,149.30	843.97
Total inventories	**17,574.14**	**18,041.60**
Carring amount of inventories pledged as security for liabilities	**17,574.14**	**18,041.60**

#Net of inventory allowance aggregating to INR 271.00 lakhs (March 31, 2022: INR 1,249.57 lakhs)

12. Current Financial assets - Investments

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Investment at FVTPL		
Market Linked Debentures - Quoted		
Nuvama Wealth Finance Limited GSEC Linked (Series C3F101A)	1,415.34	-
Piramal Enterprise Limited- Index Linked NCD	284.42	-
Shriram Transport Finance Company Limited- Market Linked NCD	35.19	-
Shriram Finance Limited- GSEC Linked NCD	171.50	-
Total Current Financial assets - Investments	**1,906.45**	**-**

13. Trade receivables

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Secured, considered good	-	-
Unsecured, considered good	30,993.85	38,964.87
Which have significant increase in credit risk	-	600.00
	30,993.85	**39,564.87**
Less : Allowance for expected credit loss*	(1,049.53)	(1,655.98)
Total Trade receivables	**29,944.32**	**37,908.89**
Receivables from related parties (Refer Note 40)	1,282.27	3,289.60
Receivables from others	28,662.05	34,619.29
Total	**29,944.32**	**37,908.89**

Allowance for expected credit loss (ECL)

*Allowance for Expected Credit Loss is calculated based on the ECL model as described under Ind AS 109. Refer Note 2.5 and Note 38(b) for the Company's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year	**1,655.98**	**2,397.01**
Add : Allowance for the year	137.03	1,195.99
Less : Reversal of allowance	(743.48)	(1,937.02)
Balance at the end of the year	**1,049.53**	**1,655.98**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

13A.Trade receivables (Current)

(1) For the year ending March 31 2023.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	11,797.22	13,393.76	1,050.16	623.37	219.34	1,276.76	28,360.61
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	2.81	191.31	21.08	19.43	2,398.61	2,633.24
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: ECL Provision	**-**	**-**	**-**	**-**	**-**	**-**	**(1,049.53)**
Total	**11,797.22**	**13,396.57**	**1,241.47**	**644.45**	**238.77**	**3,675.37**	**29,944.32**

Above includes retention money receivable amounting to INR 6,047.70 lakhs.

(₹ in Lakhs)

(2) For the year ending March 31, 2022.

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	18,567.21	5,770.41	986.42	1,723.50	856.86	7,723.54	35,627.94
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good		4.97	30.61	14.31	61.80	3,225.24	3,336.93
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	600.00	600.00
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: ECL Provision							**(1,655.98)**
Total	**18,567.21**	**5,775.38**	**1,017.03**	**1,737.81**	**918.66**	**11,548.77**	**37,908.89**

Above includes retention money receivable amounting to INR 13,473.97 lakhs.

14. Cash and bank balances

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
(a) Cash and cash equivalents		
Balance with bank		
Current accounts and debit balance in cash credit accounts	445.39	617.87
Deposits with bank (with maturity up to 3 months)	2,001.00	795.01
Cash on hand	0.26	0.26
Total cash and cash equivalents	**2,446.65**	**1,413.14**
(b) Other bank balances		
Deposits with bank earmarked as margin money	19.73	2,433.37
Deposits with original maturity of more than 3 months but less than 12 months	11,046.44	-
Unpaid dividend accounts	55.33	61.51
Total other bank balances	**11,121.50**	**2,494.88**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

15. Other current assets

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
Advance to suppliers		205.33	470.30
Receivable from government authorities	915.48		634.46
Less: Provision for Doubtful balances	(728.05)		-
		187.43	634.46
Prepaid expenses		632.47	601.74
Other Claims Receivable		272.71	221.91
Gratuity paid in Advance		15.94	-
Total other current assets		**1,313.88**	**1,928.41**

16. Equity share capital

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Authorised share capital				
Equity shares of INR 2 each	22,75,00,000	4,550.00	22,75,00,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	2,50,00,000	500.00	2,50,00,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	1,27,50,000	12,750.00	1,27,50,000	12,750.00
	26,52,50,000	**17,800.00**	**26,52,50,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	11,21,99,965	2,244.00	11,21,99,965	2,244.00
Total equity share capital	**11,21,99,965**	**2,244.00**	**11,21,99,965**	**2,244.00**

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

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
At the beginning and at the end of the year	11,21,99,965	2,244.00	11,21,99,965	2,244.00

16.2 Rights, preferences and restrictions attached to the equity shares

The Company has only one class of Equity Shares having a par value of INR 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by Board of Directors. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

16.3 Number of shares held by each shareholder holding more than 5% shares in the Company

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Equity shares of INR 2 each fully paid held by:				
Aakaaish Investments Private Limited*	5,23,02,237	46.62	-	-
EMTICI Engineering Limited*	-	-	2,63,37,818	23.47
Prayas Engineering Limited*	-	-	1,22,30,414	10.90
K. B. Investments Private Limited	97,40,418	8.68	97,11,418	8.66
Bipra Investments & Trusts Private Limited#	-	-	72,86,197	6.49

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

Notes:-

(a) * The Composite Scheme of Merger and Arrangement ("Scheme") consisting Demerger of Demerged Undertakings of Emtici Engineering Limited, Akaaish Mechatronics Limited, Wizard Fincap Limited, Speciality Wood Pack Private Limited, Prayas Engineering Limited, Elecon Information Technology Limited and Elecon Peripherals Limited (collectively referred to as "Demerged Companies"); and Merger of Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited (collectively referred to as "Transferor Companies") into/with Aakaaish Investments Private Limited (collectively referred to as "Resulting Company" or "Transferee Company") is approved by the National Company Law Tribunal, Ahmedabad Bench vide by an order dated 2nd November, 2022 (certified copy of said Order dated 4th November, 2022) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

(b) # Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited are merged into Akaaish Investments Private Limited vide above said NCLT Order and hence as on 31st December, 2022; there is no existance of these two merged companies.

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, 2023	March 31, 2022
Equity shares allotted as fully paid up shares by virtue of schemes of arrangement pertaining to FY 2016-17	-	32,64,122

16.5 Number of Shares held by Promoters:

Sr. No.	Name of the Promoters/Promoter Group	No. of Shares held at the end of the year [As on 31-March-2023]		No. of Shares held at the end of the year [As on 31-March-2022]		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1	Prayasvin Bhanubhai Patel	19,62,932	1.75%	19,62,932	1.75%	0.00%
2	Trupti Pradip Patel	14,31,058	1.28%	14,31,058	1.28%	0.00%
3	B I Patel-HUF (Bhanubhai Patel-Karta)	2,27,490	0.20%	2,27,490	0.20%	0.00%
4	Taruna Patel	2,18,917	0.20%	2,18,917	0.20%	0.00%
5	Aishwarya P. Patel	5,220	0.00%	5,220	0.00%	0.00%
6	Akansha P. Patel	6,18,470	0.55%	6,18,470	0.55%	0.00%
7	Emtici Engineering Limited*	-	0.00%	2,63,37,818	23.47%	-23.47%
8	Prayas Engineering Limited*	-	0.00%	1,22,30,414	10.90%	-10.90%
9	K B Investments Private Limited*	97,40,418	8.68%	97,11,418	8.66%	0.03%
10	Bipra Investments & Trusts Private Limited*#	-	0.00%	72,86,197	6.49%	-6.49%
11	Elecon Information Technology Limited*	-	0.00%	28,68,481	2.56%	-2.56%
12	Akaaish Mechatronics Limited*	-	0.00%	19,19,849	1.71%	-1.71%
13	Devkishan Investments Private Limited*#	-	0.00%	12,90,814	1.15%	-1.15%
14	Speciality Woodpack Private Limited*	-	0.00%	1,84,332	0.16%	-0.16%
15	Wizard Fincap Limited*	-	0.00%	1,84,332	0.16%	-0.16%
16	Power Build Private Limited	15,960	0.01%	15,960	0.01%	0.00%
17	Aakaaish Investments Private Limited*	5,23,02,237	46.62%	0	0.00%	46.62%
18	Lotus Trust %	-	0.00%	0	0.00%	0.00%
	Total holding of Promoters and Promoter Group	**6,65,22,702**	**59.29%**	**6,64,93,702**	**59.26%**	-

Note :- *# Refer note (a) and (b) of Note No. 16.3 of Notes to Standalone Financial Statements.
% Ultimate beneficiary.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

17. Other Equity

17.1 Other reserves

(₹ in Lakhs)

Balance	General Reserve	Debenture Redemption Reserve	Securities Premium	Capital Reserve	Retained Earnings	Total
As at April 1, 2021	**44,132.78**	**2,500.00**	**2,878.14**	**4,941.84**	**25,239.78**	**79,692.54**
Total comprehensive income for the period						
Profit for the year	-	-	-	-	9,551.78	9,551.78
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(284.79)	(284.79)
Balance available for appropriation	**44,132.78**	**2,500.00**	**2,878.14**	**4,941.84**	**34,506.77**	**88,959.53**
Less : Appropriations						
Transferred to Retained Earnings (on redemption of Debentures during the year)	-	(2,500.00)	-	-	2,500.00	-
Dividend paid	-	-	-	-	(448.80)	(448.80)
As at March 31, 2022	**44,132.78**	**-**	**2,878.14**	**4,941.84**	**36,557.97**	**88,510.73**
Profit for the year	-	-	-	-	18,814.88	18,814.88
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(62.85)	(62.85)
Balance available for appropriation	**44,132.78**	**-**	**2,878.14**	**4,941.84**	**55,310.00**	**1,07,262.76**
Less : Appropriations						
Transferred to Retained Earnings (on redemption of Debentures during the year)	-	-	-	-	-	-
Transfer during the year	-	-	-	-	-	-
Dividend paid	-	-	-	-	(1,570.80)	(1,570.80)
As at March 31, 2023	**44,132.78**	**-**	**2,878.14**	**4,941.84**	**53,739.20**	**1,05,691.96**

17.2 Dividend distribution made and proposed

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Dividends on equity shares declared and paid		
Final dividend for year ended March 31, 2022: INR 1.40 per share (March 31, 2021: INR 0.40 per share)	1,570.80	448.80
	1,570.80	**448.80**
Proposed dividends on Equity shares		
Final dividend proposed for the year ended March 31, 2023: INR 2 per share (March 31, 2022: INR 1.40 per share)	2,244.00	1,570.80
	2,244.00	**1,570.80**

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, 2023.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

17.3 Description of Reserves

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Debenture Redemption Reserve

The Company had created Debenture Redemption Reserve out of the profits of the Company @ 25% of non-convertible redeemable debentures. On redemption of debentures during the previous year the said Reserve had been transferred to Retained Earnings.

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 Limited ('ETIL') and investment in equity shares of Elecon Transmission International Limited.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

18. Borrowings

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Term loans		
From Non Banking Financial Company (Refer note 18.1 (a) and (b), 18.2 (a) and (c))	-	1,976.23
	-	**1,976.23**
Less : Accrued interest	-	9.94
Total non-current borrowings	**-**	**1,966.29**
Current borrowings (Secured)		
Working capital loan		
From banks (Refer Note 18.2 (b))	0.98	7,456.10
Current maturities of non-current borrowings		
- Term loans from financial institutions	-	610.00
	0.98	**8,066.10**
Less : Accrued interest	0.98	30.64
Total current borrowings	**-**	**8,035.46**
Total borrowings	**-**	**10,001.75**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

18.1 Nature of Securities for Term Loans

a) Term Loans from financial institution - Loan from Bajaj Finance Limited was secured by way of:-

1. Exclusive charge by way of hypothecation on specific plant and machineries
2. Exclusive mortgage to be executed of commercial property of Emtici Engineering Limited (EEL), Related party located at office No. 21, Yashwant Apartment, Pune - 411004 and Corporate Guarantee of Emtici Engineering Limited to the extent of INR 3,500 Lakhs.
3. Pledge of 75 Lakhs shares of the Company owned by EEL.
4. Debt Service Reserve Account of INR 80 Lakhs in form of Fixed Deposit.

b) Rate of Interests for loans from banks and financial institutions

Name of the bank:	Interest Rate %	
	March 31, 2023	March 31, 2022
IFCI Limited	-	12.00%
Bajaj Finance Limited	9.15%	8.75%

18.2 Terms of repayment of term loans

a) **Term loans***

Lender	March 31, 2023	March 31, 2022	Terms of Repayment
(i) Bajaj Finance Limited	-	2,592.50	Repayable in 20 quarterly instalments amounting to INR 152.50 Lakhs
	-	**2,592.50**	

During the F.Y. 2021-22, the company had prepaid its Non-Convertible Debentures (Series I and II) from internal accruals.

b) 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 and future.

b) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable and immovable) present and future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions.

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

d) Pledge of 200,000 shares of Eimco Elecon (India) Limited, an associate company held by the company.

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

f) Corporate guarantees of PEL and EEL to the extent of INR 96,450 Lakhs respectively.

g) Rate of Interest for Loan from banks

Name of the bank:	Interest Rate %	
	March 31, 2023	March 31, 2022
State Bank of India	7.80% to 9.50%	5.75% to 9.50%
Bank of Baroda	7.85% to 9.65%	9.35% to 9.65%
IDBI Bank Ltd.	8.00% to 8.75%	6.40% to 10.30%
Axis Bank Ltd.	1.47% to 9.75%	0.92% to 10.25%
HDFC Bank Ltd.	6.75% to 7.50%	6.75% to 9.90%

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

Borrowings secured against Current Assets

(₹ in Lakhs)

Quarter ended	Name of Bank	Details of security provided	Amount as per Books	Amount reported in quarterly returns	Amount of Difference	Reasons for material discrepancies*
June 2022	Consortium of Banks led by State Bank of India	Inventory	19,425.70	18,703.79	721.91	None
		Receivables	36,231.22	36,227.03	4.19	
September 2022		Inventory	19,114.06	18,828.17	285.89	
		Receivables	33,386.75	33,120.91	265.84	
December 2022		Inventory	20,079.92	19,893.16	186.76	
		Receivables	32,010.08	31,762.80	247.28	
March 2023		Inventory	17,574.14	17,442.38	131.76	
		Receivables	29,944.32	29,656.36	287.96	

* Considered upto 5% of amount reported in Quarterly returns.

19. Non-current provisions

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for compensated absences (Refer Note - 41)	35.97	84.55
Other Provision		
Provision for warranty	834.00	828.00
Total non-current provisions	**869.97**	**912.55**

20. Other Non Current Liability

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Deferred Revenue:		
EPCG Obligation	76.22	-
Total non-current provisions	**76.22**	**-**

21. Trade payables

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Total outstanding dues of micro and small enterprises	4,983.61	3,092.46
Total outstanding dues of creditors other than micro and small enterprises	11,965.53	18,349.44
Total trade payables	**16,949.14**	**21,441.90**
Dues to related parties (Refer note - 40)	1,154.90	312.66
Dues to third parties	15,794.24	21,129.24
	16,949.14	**21,441.90**

Includes retention money payable to creditors amounting to INR 307.82 lakhs (March 31, 2022 - INR 381.86 lakhs)

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Principal amount remaining unpaid to any supplier as at the period end	4,983.61	3,092.46
Interest due thereon	-	-
The amount of payment made to supplier beyond appointed date	43,229.67	23,706.20
Interest paid thereon	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"), certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company's management, dues to MSME have been determined to the extent such parties have been identified on the basis of information collected till the reporting date and has been relied upon by the Statutory Auditors. The Management has not provided for interest due (if any) to these MSME parties basis, no claim being made for the same and management representation that the same would be waived. The disclosures as required by Section 22 of the MSMED Act are given above.

21A. Trade payables (Current)

(1) For the year ending March 31, 2023.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3,526.83	1,331.54	17.80	33.70	73.74	4,983.61
(ii) Others	9,913.32	1,927.60	29.65	28.33	66.64	11,965.53
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-
Total	**13,440.15**	**3,259.14**	**47.45**	**62.03**	**140.38**	**16,949.14**

(2) For the year ending March 31 2022.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	2,875.13	64.33	39.93	107.03	6.05	3,092.47
(ii) Others	13,713.31	4,257.48	103.99	186.00	36.78	18,297.56
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	51.88	51.88
Total	**16,588.44**	**4,321.81**	**143.92**	**293.03**	**94.71**	**21,441.90**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

22. Lease Liabilities

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Lease Liabilities (For Rental properties)	16.17	1,577.96	14.00	22.51
Other financing arrangements (For Equipments)	429.85	-	1,193.27	429.85
Total lease liabilities	**446.02**	**1,577.96**	**1,207.27**	**452.36**
Non-current			1,577.96	452.36
Current			446.02	1,207.27
Total			**2,023.98**	**1,659.63**

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 4 years @11.77% rate of interest and for balance 4 years repayable in equated monthly installment of INR 0.001 lakhs.
2. Secured by way of an unconditional and irrevocable bank guarantee of INR 1,152.94 lakhs expiring on August 31,2023.

23. Other financial liabilities - current

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Interest accrued but not due on borrowings	0.98	40.58
Security deposits	175.84	151.23
Unpaid dividend*	55.33	61.51
Billing in excess of revenue - Contract liability	367.87	554.98
Liability on account of Forex Derivative	-	0.16
Total other financial liabilities - current	**600.02**	**808.46**

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

24. Other Current liabilities

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Advance from customers	7,299.00	10,200.13
Statutory dues	1,561.01	808.10
Total other current liabilities	**8,860.01**	**11,008.23**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

25. Current provisions

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits (Refer note - 41)		
Provision for gratuity (Funded)	-	66.74
Provision for compensated absences	61.58	82.11
Other Provisions		
Provision for contract liabilities	141.66	1,336.84
Provision for warranty	1,038.58	634.81
Provision for onerous contracts	72.74	93.46
Total provisions	**1,314.56**	**2,213.96**

Movement in Provisions:

(₹ in Lakhs)

Particulars	Provision for contract liabilities	Provision for Warranty	Provision for Onerous contracts
Carrying amount as at March 31 2021	1,810.93	540.23	191.55
Provision made / increase in provision	-	1,462.81	934.50
Provision amount used during the year	(474.09)	(540.23)	(1,032.59)
Provision amount reversed during the year	-	-	-
Carrying amount as at March 31 2022	**1,336.84**	**1,462.81**	**93.46**
Provision made / increase in provision	-	1,872.58	-
Provision amount used during the year	(1,195.18)	(1,462.81)	(20.72)
Carrying amount as at March 31 2023	**141.66**	**1,872.58**	**72.74**

Refer 2.5 (k) of significant accounting policies.

Provision for contract liabilities - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Company on account of potential delays in meeting the contractual obligations of the Company with regard to agreed deliveries/commissioning.

Provision for warranties - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the Company. The provision is based on technical evaluation, historical warranty data and a 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 movement of onerous contracts is recognised in cost of material consumed (Refer note 29).

26. Current tax liabilities (net)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for tax (net of taxes paid in advance)	315.77	1,973.40
Total current tax liabilities (net)	**315.77**	**1,973.40**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

27. Revenue from operations

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products (Refer Note 44)		
Transmission equipment sales		
Local	82,838.33	63,619.35
Export sales	10,840.10	9,549.72
Material handling equipment		
Local	20,186.62	12,419.28
Export sales	47.84	91.26
	1,13,912.89	**85,679.61**
Sale of services		
Erection, Commissioning and Service charges	2,967.13	1,762.35
	2,967.13	**1,762.35**
Other operating revenue		
Sale of scrap	1,389.27	875.65
Income from generation of electricity from renewable sources	1,108.18	839.20
Export incentives	321.77	124.86
	2,819.22	**1,839.71**
Total revenue from operations	**1,19,699.24**	**89,281.67**

28. Other Income

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income		
- on deposits	366.99	157.94
- on income tax	177.46	-
- on loan given and others	26.17	43.77
Dividend income		
- From Subsidiaries and Associates	23.96	47.92
- From Others	56.00	0.02
Gain on fair valuation of investments (Net)	49.23	-
Foreign exchange gain (Net)	276.15	-
Gain on derivative financial instruments (Net)	6.63	-
Lease income	248.43	237.47
Liabilities no longer payable written-back	264.38	92.52
Bad debts previously written off, now recovered / advance written back	-	264.76
Insurance claims	10.63	6.07
Commission on Corporate Guarantee	47.88	69.32
Miscellaneous income	81.01	35.88
Total other income	**1,634.92**	**955.67**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

29. Cost of materials consumed

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year	4,355.06	6,600.00
Add : Purchases during the year	54,049.67	42,646.67
	58,404.73	**49,246.67**
Less : Inventory at the end of the year	4,333.54	4,355.06
Total cost of material consumed	**54,071.19**	**44,891.61**

Note: The above includes:

a. INR 728.05 lakhs being the Input credit of GST for earlier years for which provision is made in view of uncertainity of its claim.

b. INR 695 lakhs settled and paid to vendors during the current period.

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(Increase) / decrease in inventories		
Opening work-in-progress	9,126.97	6,322.43
Closing work-in-progress	(6,787.92)	(9,126.97)
	2,339.05	**(2,804.54)**
Opening finished goods	3,715.60	3,389.50
Closing finished goods	(5,303.39)	(3,715.60)
	(1,587.79)	**(326.10)**
Total changes in inventories of finished goods and work-in-progress	**751.26**	**(3,130.64)**

31. Manufacturing expenses and erection charges

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Stores, tools and spares consumed	3,301.22	2,079.68
Sub-contracting charges	3,386.15	3,075.73
Power and fuel	2,209.83	1,641.35
Erection and other charges	893.88	961.33
Other manufacturing expenses	1,990.59	1,177.68
Total manufacturing expense and erection charges	**11,781.67**	**8,935.77**

32. Employee benefits expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	7,692.12	5,372.06
Contribution to provident fund and other funds (Refer note - 41)	285.53	224.77
Employee welfare expenses	367.72	253.26
Total employee benefit expenses	**8,345.37**	**5,850.09**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

33. Finance costs

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expenses*		
Interest on term loans	55.66	288.91
Interest on non-convertible redeemable debentures	-	956.00
Interest on working capital	143.00	999.88
Interest - others (including interest on leases)	383.48	288.78
Other borrowing costs (including guarantee charges)	547.59	658.17
Total finance costs	**1,129.73**	**3,191.74**

Note:
* Interest expense are calculated under the Effective Interest Method which is measured at amortized cost.

34. Other expenses

(₹ in Lakhs)

Particulars		Year Ended March 31, 2023	Year Ended March 31, 2023
Rent (Refer Note 45.2)		1,612.30	1,346.78
Computer software maintenance charges		1,088.80	867.50
Rates and taxes		171.66	40.34
Duties & Fees		112.70	81.98
Repairs and maintenance :			
- Building		425.55	160.67
- Machinery		2,210.48	1,654.20
- Others		48.09	26.64
Insurance expense		221.99	173.06
Travelling, communication and conveyance expenses		627.61	315.25
Directors sitting fees		14.96	14.85
Commission to non-executive directors		60.00	42.00
Packing, forwarding and distribution expenses (Net of recoveries)		2,577.77	2,243.81
Commission and brokerage		3,303.00	2,942.70
Warranty claims (Refer Note 25)		681.79	1,129.76
Bad debts written off	1,355.50		
Provision on doubtful debt written back (Refer Note 13)	(606.44)	749.06	1,351.69
Bank charges		45.87	75.57
Advertisements and sales promotion expenses		343.43	19.73
Payment to auditors*			
(a) As auditor - Audit fees		18.00	21.00
(b) For other services (Limited review, certification etc.)		12.90	18.15
(c) Out of pocket expenses		1.45	1.89
Loss on fair valuation of investments (Net)		0.25	11.72
Loss on sale/discard of property, plant and equipments (Net)		159.47	461.60
Donations		-	0.75
Expenditure on corporate social responsibility (Refer note - 35)		110.00	129.65
Legal and professional fees		518.98	401.08
Loss on Foreign currency transactions (Net)		-	80.88
Loss on derivative financial instruments (Net)		-	0.16
Business Support Services		523.28	236.64
Miscellaneous expenses		1,041.34	462.28
Total other expenses		**16,680.73**	**14,312.33**

* Includes INR 14.24 lakhs paid to previous audiors during year ended March 31, 2022.

(i) Research and development expenditure accounted through statement of profit and loss aggregates INR 302.65 lakhs (March 31, 2022: INR 245.70 lakhs).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

35. Corporate social responsibility expenditure

(₹ in Lakhs)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
(a)	Amount of CSR required to be spent as per the limits of Section 135 of companies Act, 2013	108.22	55.54
(b)	Amount spent during the year	110.00	129.65
(c)	Shortfall at the end of the year	-	-
(d)	Total of Previous Year Shortfall	-	-
(e)	Reason for shortfall	Not Applicable	Not Applicable
(f)	Nature of CSR activity	*	*
(g)	Details of Related party transaction**	110.00	129.65
(h)	where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movement in the provision during the year	Not Applicable	Not Applicable

Note:
* Promoting education and healthcare.
** Represents contribution to B.I. Patel Trust towards promoting education and healthcare related activities.

36. Earnings per share

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Basic & Diluted Earning Per Share (EPS)			
a)	Profit attributable to equity shareholders of the Company (INR in Lakhs)	18,814.88	9,551.78
b)	Weighted average number of equity shares outstanding during the year*	11,21,99,965	11,21,99,965
c)	Earning per share (Basic and Diluted)	16.77	8.51
d)	Face value per share	2.00	2.00

*Outstanding number of shares as at the opening and closing balance is same.

37. Tax expenses

The major component of income tax expense for the years ended March 31, 2023 and March 31, 2022 are :

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Statement of Profit and loss		
Current tax	6,298.94	2,850.00
Adjustment of tax relating to earlier periods	(348.95)	123.37
Deferred tax charge / (credit)	(119.02)	(163.90)
Income tax expense reported in the Statement of Profit and Loss	**5,830.97**	**2,809.47**
Other comprehensive income		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans	**(21.14)**	**(75.12)**
Total tax expense	**5,809.83**	**2,734.35**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2023 and March 31, 2022:

(A) Current tax

(₹ in Lakhs)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Profit before tax	24,645.85	12,361.25
Statutory income tax rate	25.168%	25.168%
Tax using the Company's statutory tax rate	6,202.87	3,111.08
Tax effects of :		
Tax exempt income	(20.12)	20.75
Deduction claimed from property rent income	(12.82)	(11.96)
Other non-deductible expenses (net)	29.06	3.50
Reversal of deferred liability on indexation of land (Refer note (i) below)	(37.59)	(8.66)
Effect of Deferred Tax liability on loss	-	(90.83)
Reversal of deferred liablity on long term capital loss (not in business income)	-	(18.70)
Income tax expense of earlier years	(348.95)	123.37
Effect of difference of Deferred Tax liability on Written Down Value	-	(437.53)
Others	(2.62)	43.33
	(393.04)	(376.73)
Tax expense	**5,809.83**	**2,734.35**

Note:

(i) At the time of transition to Indian Accounting Standards (Ind AS) with effect from April 01, 2015, the Company had recognised the fair value of its land parcels in the books of account and had also recognised corresponding deferred tax liability considering the future tax obligation that would arise upon sale of land in the expected manner in future (sale of land parcels on a piecemeal basis, delinked from the business).

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

(B) Deferred tax

(₹ in Lakhs)

Particulars	Balance as on March 31, 2021	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2022	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2023
Depreciation for tax purposes	(3,824.25)	942.08	(2,882.17)	394.72	(2,487.45)
Deferred Tax on Indexation of Land	(788.71)	9.22	(779.49)	37.59	(741.90)
Deferred tax on fair value of investments	(0.19)	(1.79)	(1.98)	(11.02)	(13.00)
Provision for bad and doubtful debts (including allowance for Expected Credit Losses)	603.34	(186.52)	416.82	30.57	447.39
Expenditure allowable on payment basis	47.84	(116.89)	(69.05)	(17.56)	(86.61)
Expenditure allowable on realised basis	48.20	(24.69)	23.51	(5.22)	18.29
Deferred tax on unabsorbed depreciation	209.06	(209.07)	(0.01)	-	(0.01)
Reversal of deferred liablity on long term capital loss (not in business income)	-	18.70	18.70	(11.70)	7.00
Deferred tax on other financing arrangement	675.69	(267.14)	408.55	(298.36)	110.19
Deferred tax expense/(income) accounted through Other Comprehensive Income	29.91	75.12	105.03	21.14	126.17
Total deferred tax expense / (income)	**-**	**239.02**	**-**	**140.16**	**-**
Net deferred tax assets/(liabilities)	**(2,999.11)**	**-**	**(2,760.09)**	**-**	**(2,619.93)**
Reflected in the balance sheet are as follows:					
Deferred tax assets	1,614.04		903.55		709.04
Deferred tax liabilities	(4,613.15)		(3,663.64)		(3,328.97)
Deferred tax liabilities (net)	**(2,999.11)**		**(2,760.09)**		**(2,619.93)**

Reconciliation of deferred tax assets / (liabilities), net	**March 31, 2023**	**March 31, 2022**
Balance at the beginning of the year	(2,760.09)	(2,999.11)
Tax income/(expense) during the period recognised in profit or loss	119.02	163.90
Tax income/(expense) during the period recognised in OCI	21.14	75.12
Balance at the end of the year	**(2,619.93)**	**(2,760.09)**

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

38. Financial instruments risk management objectives and policies

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

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

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

(a) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2023, approximately 100% of the Company's borrowings are at fixed rate (March 31, 2022 : 99%). Summary of financial assets and financial liabilities has been provided below:

Exposure to interest rate risk

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Fixed-rate instruments		
Financial Assets	12,801.00	3,489.25
Financial Liabilities	429.85	11,459.36
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	-	165.51

Interest rate sensitivity

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

(₹ in Lakhs)

Particulars	Impact on Profit / (loss) after tax
March 31, 2023	
Increase in 100 basis points	-
Decrease in 100 basis points	-
March 31, 2022	
Increase in 100 basis points	1.24
Decrease in 100 basis points	(1.24)

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

foreign exchange risk. The Company manages its foreign currency risk by following policies approved by board as per established risk management policy. The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

Exposure to Currency Risk:-

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

(₹ in Lakhs)

Particular	March 31, 2023				March 31, 2022			
	USD	GBP	EUR	Total	USD	GBP	EUR	Total
Financial Assets								
Trade receivables	878.26	513.67	192.61	**1,584.54**	1,841.69	850.20	250.37	**2,942.26**
Cash and cash equivalents	12.20	-	7.07	**19.27**	42.71	-	6.82	**49.53**
Other financial assets	-	-	-	**-**	-	-	-	**-**
Loans	-	889.58	-	**889.58**	-	869.31	-	**869.31**
Total (A)	**890.46**	**1,403.24**	**199.68**	**2,493.39**	**1,884.40**	**1,719.51**	**257.19**	**3,861.10**
Financial Liabilities								
Trade payables	159.21	-	731.20	**890.41**	185.92	3.18	2,932.77	**3,121.87**
Borrowings	-	-	-	**-**	1,959.94	-	-	**1,959.94**
Total (B)	**159.21**	**-**	**731.20**	**890.41**	**2,145.86**	**3.18**	**2,932.77**	**5,081.81**
Net exposure to foreign currency (A-B)	**731.25**	**1,403.24**	**(531.52)**	**1,602.98**	**(261.46)**	**1,716.33**	**(2,675.58)**	**(1,220.71)**

The Company does not have significant exposure to foreign currency risk. Accordingly, the management does not normally hedge any foreign currency receipts or payments. However, during the current year the company has hedged USD 10 Lakh from Export Receivables.

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

Rupees	Average rate		Year-end spot rate	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD 1	79.01	74.65	82.22	75.81
GBP 1	100.71	100.25	101.87	99.55
EUR 1	87.13	85.38	89.61	84.66

Foreign currency sensitivity

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

(₹ in Lakhs)

Particular	USD			GBP			EUR		
	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, 2023									
Strengthening	3.00%	21.94	16.42	3.00%	42.10	31.50	4.00%	(21.26)	(15.91)
Weakening		(21.94)	(16.42)		(42.10)	(31.50)		21.26	15.91
March 31, 2022									
Strengthening	2.00%	(5.23)	(3.91)	2.00%	34.33	25.69	3.00%	(80.27)	(60.07)
Weakening		5.23	3.91		(34.33)	(25.69)		80.27	60.07

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

Equity price risk

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

(b) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily trade receivables and other financial assets including deposits with banks. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Security deposits mainly includes rental deposits, earnest money deposits which are given as per contractual agreement. Unbilled revenue pertains to one government 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 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, 2023	March 31, 2022
Not due*	2.89%	1.07%
0-1 year	1.81%	2.39%
1-3 years	7.50%	22.37%
Greater than 3 years	6.72%	7.97%
Expected Credit Losses	**4.73%**	**8.45%**
Amount of expected credit loss provided (INR in Lakhs)	**(1,049.53)**	**(1,655.98)**

* Includes provision made for long outstanding retention money.

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

The following significant change in the carrying amounts of trade receivables contributed to change in the impairment loss allowance during year ended March 31, 2023:

- 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.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

(c) Liquidity risk

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

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

(₹ in Lakhs)

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
Year ended March 31, 2023						
Financial liabilites						
Borrowings	-	-	-	-	-	-
Trade payables	16,949.14	16,949.14	-	-	-	16,949.14
Other financial liabilities	600.02	600.02	-	-	-	600.02
Lease liabilities	2,023.98	446.02	7.06	-	1,570.90	2,023.98
Total	**19,573.14**	**17,995.18**	**7.06**	**-**	**1,570.90**	**19,573.14**
Year ended March 31, 2022						
Financial liabilites						
Borrowings	10,001.75	8,066.10	1,572.01	1,512.78	-	11,150.89
Trade payables	21,441.90	21,441.90	-	-	-	21,441.90
Other financial liabilities	808.46	808.46	-	-	-	808.46
Lease liabilities	1,659.63	1,207.27	452.36	-	-	1,659.63
Total	**33,911.74**	**31,523.73**	**2,024.37**	**1,512.78**	**-**	**35,060.88**

(d) Commodity price risk

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

(e) Capital management

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest-bearing loans and borrowings (Note 17, 20 & 21)	429.85	11,624.87
Less: cash and cash equivalents (Note 13)	(2,446.65)	(1,413.14)
Adjusted net debt	**(2,016.80)**	**10,211.73**
Equity share capital (Note 15)	2,244.00	2,244.00
Other equity (Note 16)	1,05,691.96	88,510.73
Total equity	**1,07,935.96**	**90,754.73**
Adjusted net debt to total equity ratio	**-0.02**	**0.11**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

39. Fair Value Measurements

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2023

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Note 1 below)	1,965.96	-	-	1,965.96	1,906.45	-	59.51	1,965.96
Loans	-	-	889.58	889.58	-	-	-	-
Trade receivables	-	-	29,944.32	29,944.32	-	-	-	-
Cash and cash equivalents	-	-	2,446.65	2,446.65	-	-	-	-
Other bank balance	-	-	11,121.50	11,121.50	-	-	-	-
Other financial assets	-	-	1,697.74	1,697.74	-	-	-	-
Total Financial assets	**1,965.96**	**-**	**46,099.79**	**48,065.75**	**1,906.45**	**-**	**59.51**	**1,965.96**
Borrowings	-	-	0.98	0.98	-	-	0.98	0.98
Trade payable	-	-	16,949.14	16,949.14	-	-	-	-
Other financial liabilities	-	-	599.04	599.04	-	-	-	-
Lease liabilities	-	-	2,023.98	2,023.98	-	-	-	-
Total Financial liabilities	**-**	**-**	**19,573.14**	**19,573.14**	**-**	**-**	**0.98**	**0.98**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

39. Fair Value Measurements (Contd...)

As at March 31, 2022

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Note 1 below)	19.02	-	-	19.02	3.47	-	15.55	19.02
Loans	-	-	869.31	869.31	-	-	-	-
Trade receivables	-	-	37,908.89	37,908.89	-	-	-	-
Cash and cash equivalents	-	-	1,413.14	1,413.14	-	-	-	-
Other bank balance	-	-	2,494.88	2,494.88	-	-	-	-
Other financial assets	-	-	6,987.48	6,987.48	-	-	-	-
Total Financial assets	**19.02**	**-**	**49,673.70**	**49,692.72**	**3.47**	**-**	**15.55**	**19.02**
Borrowings	-	-	10,042.33	10,042.33	-	-	10,042.33	10,042.33
Trade payables	-	-	21,441.90	21,441.90	-	-	-	-
Other financial liabilities	-	-	767.88	767.88	-	-	-	-
Lease liabilities	-	-	1,659.63	1,659.63	-	-	-	-
Total Financial liabilities	**-**	**-**	**33,911.74**	**33,911.74**	**-**	**-**	**10,042.33**	**10,042.33**

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 (EEEL) on disposal will fetch only the principal amount invested and hence the company considers cost and fair value to be the same.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial classified as current. Accordingly, the fair value has not been disclosed separately.

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities other than those valued at Level 1 and Level 2 are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values. Fair value of borrowing is computed using the market comparison technique where information for the interest rate at which a borrowing can 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 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, 2022: INR 0.15 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 has been valued using the closing price as at the reporting period on the stock exchanges.

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

39. Fair Value Measurements (Contd...)

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

Investments in equity shares of Eimco Elecon Electricals Limited (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2023.

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, 2023	March 31, 2022
Beta for WACC	1.00	1.00
Risk free rate of return	7.00%	7.21%
Cost of equity	11.00%	12.50%
Cost of debt	Nil	Nil
WACC	11.00%	12.50%
Perpetual growth rate	4.50%	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, 2023 and March 31, 2022 is as below:

(₹ in Lakhs)

Particulars	Amount
As at March 31, 2021	**22.25**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(6.70)
As at March 31, 2022	**15.55**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	43.96
As at March 31, 2023	**59.51**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year ended March 31, 2023 and March 31, 2022.

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

2022-23			**Perpetual growth rate**	
		-1%	5.62	6.18
	Cost of equity	+1%	5.19	5.47

2021-22			**Perpetual growth rate**	
		-1%	1.10	0.88
	Cost of equity	+1%	2.99	1.77

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

40. Related party disclosure

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

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

a) **Ultimate Holding company :** 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.

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	- Non-Executive Director
(iii)	Mr. Pradip M. Patel	- Director
(iv)	Mr. Jal Patel	- Independent Director (till 31 March 2022)
(v)	Mr. Jai S Diwanji	- Independent Director
(vi)	Dr. Sonal V Ambani	- Independent Director
(vii)	Mr. Pranav C. Amin	- Independent Director (w.e.f. 27 May 2021)
(viii)	Mr. Ashutosh Pednekar	- Independent Director (w.e.f. 01 July 2022)
(ix)	Mr. Narasimhan Raghunathan	- Chief Financial Officer
(x)	Mrs. Bharti L Isarani	- Company Secretary

g) **Relatives of Key managerial personnel**

(i) B. I. Patel HUF (Karta - Bhanubhai Patel)
(ii) Akanksha Patel
(iii) Trupti Pradip Patel
(iv) Taruna Patel
(v) Aishwarya Prayasvin Patel

h) **Entities forming part of the same group (with whom transaction undertaken during the year or previous year)**

(i) Prayas Engineering Limited
(ii) K. B. Investments Private Limited
(iii) Elecon Information Technology Limited
(iv) Tech Elecon Private Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

(v) Emtici Engineering Limited
(vi) Devkishan Investment Private 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) United Marketing Company
(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
(xxiv) Emtici Marketing LLP
(xxv) Modsonic Instruments Manufacturing Company Private Limited
(xxvi) B.I. Patel Charitable Trust
(xxvii) I.B. Patel Charitable Trust
(xxviii) Bipra Investments And Trusts Private Limited
(xxix) Desai & Diwanji

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.

Transactions with key management personnel

Compensation of key management personnel of the Company.

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remuneration		
- Mr. Prayasvin B. Patel	1,214.89	614.47
- Mr. Narasimhan Raghunathan	49.92	42.74
- Mrs. Bharti Isarani	19.68	16.64
Commission and sitting fees to Independent directors and non-executive directors	74.96	56.85
Total compensation paid to key management personnel	**1,359.45**	**730.70**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

40. Related party disclosure (Contd...)

(₹ in Lakhs)

Particulars	Associates		Subsidiaries		Key Managerial Personnel		Relatives of Key managerial personnel		Entities forming part of the same Group		Employement benefit plans		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Income:														
Sale of goods and rendering of services	513.42	307.99	7,553.47	6,261.10	-	-	-	-	1,247.30	1,511.41	-	-	9,314.19	8,080.50
Sale of scrap	-	-	-	-	-	-	-	-	28.83	5.96	-	-	28.83	5.96
Sales of plant and equipment	-	29.40	-	-	-	-	-	-	-	7.56	-	-	-	36.96
Interest Income	-	-	25.70	32.35	-	-	-	-	-	-	-	-	25.70	32.35
Corporate Guarantee Commission	-	-	47.88	69.32	-	-	-	-	-	-	-	-	47.88	69.32
Dividend income	23.96	47.92	-	-	-	-	-	-	56.00	-	-	-	79.96	47.92
Reimbursement of Expense	18.81	3.11	427.83	350.64	-	-	-	-	138.90	149.45	-	-	585.54	503.20
Rent Income	14.92	12.45	-	-	-	-	-	-	146.02	139.43	-	-	160.94	151.88
Expense:														
Purchase of goods and availment of services	75.28	58.63		32.38	-	-	-	-	5,585.49	5,399.30	-	-	5,660.77	5,490.31
Purchase of plant and equipment	-	-	-	-	-	-	-	-	402.18	111.91	-	-	402.18	111.91
Remuneration expense	-	-	-	-	1,359.45	730.70	-	-	-	-	-	-	1,359.45	730.70
Repairs & Maintenance Charges	1.40	-	-	-	-	-	-	-	1,769.16	1,179.70	-	-	1,770.56	1,179.70
Software Service Charges	-	-	-	-	-	-	-	-	764.22	479.11	-	-	764.22	479.11
Miscellaneous Expense	1.32	23.50	50.04	64.15	-	-	-	-	1,159.04	653.90	-	-	1,210.40	741.55
Rent Expense	3.57	3.58	-	-	55.48	-	-	-	1,315.94	1,315.54	-	-	1,374.99	1,319.12
Commission expense on Sales	-	-	130.84	144.98	-	-	-	-	-	20.96	-	-	130.84	165.94
Dividend paid	-	-	-	-	27.92	8.29	35.01	9.93	866.57	247.90	-	-	929.50	266.12
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	-	-	155.95	416.62	155.95	416.62
Contribution made towards CSR activities	-	-	-	-	-	-	-	-	110.00	129.65	-	-	110.00	129.65
Other Transactions:														
Loans repaid during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donation Paid	-	-	-	-	-	-	-	-	-	0.75	-	-	-	0.75
Outstanding balances:														
Assets:														
Trade receivables	54.41	83.29	1,130.17	3,054.88	-	-	-	-	97.69	151.43	-	-	1,282.27	3,289.60
Loan receivable	-	-	889.58	869.31	-	-	-	-	-	-	-	-	889.58	869.31
Liabilities:														
Trade payables	12.60	0.69	110.05	145.76	-	-	-	-	1,032.25	166.21	-	-	1,154.90	312.66
Advance received	-	-	76.45	568.09	-	-	-	-	-	-	-	-	76.45	568.09
Gauarantees:														
Guarantee taken	-	-	-	-	-	-	-	-	1,92,900.00	1,96,400.00	-	-	1,92,900.00	1,96,400.00
Guarantee given	-	-	2,375.48	4,285.65	-	-	-	-	-	-	-	-	2,375.48	4,285.65

Note:-

All the above expenses reported here are Net off GST.

The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to INR 1,071.30 lakhs.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

40. Related party disclosure (Contd...)

Separate disclosure and 186(4) Notes

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:

(₹ in Lakhs)

Name of the Party	Relationship	Amount outstanding as at March 31,2023	Amount outstanding as at March 31,2022	Maximum balance outstanding during the year March 31,2023	Maximum balance outstanding during the year March 31,2022
Radicon Transmission UK Limited	Wholly owned subsidiary	889.58	869.31	889.58	869.31

41. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 285.53 lakhs (March 31, 2022: INR 224.77 Lakhs) is recognised as expenses and included in Note No. 32 "Employee benefits expense".

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provident fund	283.02	217.14
Superannuation fund	2.51	7.63
	285.53	**224.77**

B. Defined benefit plans:

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

(a) **Gratuity**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

March 31, 2023 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2022	Gratuity cost charged to statement of profit and loss			Transfer in/ Transfer Out liability/ asset	Benefit paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	March 31, 2023
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 32)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in other comprehensive income		
Gratuity													
Defined benefit obligation	1,136.07	80.54	78.28	**158.82**	5.04	(104.72)	-	-	(17.78)	93.48	**75.70**	-	**1,270.91**
Fair value of plan assets	(1,069.33)	-	(73.68)	**(73.68)**	-	3.59	8.30	-	-	-	**8.30**	(155.73)	**(1,286.85)**
Benefit liability	**66.74**	**80.54**	**4.60**	**85.14**	**5.04**	**(101.13)**	**8.30**	**-**	**(17.78)**	**93.48**	**84.00**	**(155.73)**	**(15.94)**
Total benefit liability	**66.74**	**80.54**	**4.60**	**85.14**	**5.04**	**(101.13)**	**8.30**	**-**	**(17.78)**	**93.48**	**84.00**	**(155.73)**	**(15.94)**

March 31, 2022 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2021	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, 2022
		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	931.25	59.88	60.44	**120.32**	(5.00)	(251.95)	-	-	108.12	233.33	**341.45**	-	**1,136.07**
Fair value of plan assets	(907.46)	-	(58.89)	**(58.89)**	29.53	251.95	18.46	-	-	-	**18.46**	(402.92)	**(1,069.33)**
Benefit liability	**23.79**	**59.88**	**1.55**	**61.43**	**24.53**	**-**	**18.46**	**-**	**108.12**	**233.33**	**359.91**	**(402.92)**	**66.74**
Total benefit liability	**23.79**	**59.88**	**1.55**	**61.43**	**24.53**	**-**	**18.46**	**-**	**108.12**	**233.33**	**359.91**	**(402.92)**	**66.74**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
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, 2023	Year ended March 31, 2022
Discount rate	7.57%	6.89%
Future salary increase		
For the next 1st year	8.50%	8.00%
For the next 1st year, starting from 2nd year	8.50%	8.00%
Starting from 3rd year	8.50%	8.00%
Expected rate of return on plan assets	7.57%	6.89%
Employee turnover rate	6.00%	6.00%
Morality rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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

Gratuity (₹ in Lakhs)

		(increase) / decrease in defined benefit obligation (Impact)	
Particulars	Sensitivity level	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	1% increase	(81.14)	(73.85)
	1% decrease	92.60	84.49
Salary Increase	1% increase	87.05	80.81
	1% decrease	(78.39)	(73.09)

(b) Leave obligations -Unfunded

The actuarial liability towards leave obligations as at March 31, 2023 is INR 97.54 Lakhs (March 31, 2022 is INR 166.66 Lakhs). Current year charge is included in Employee benefit expense (Refer note 32).

(c) Effect of Plan on Entity's Future Cash Flows

(i) Funding arrangements and Funding Policy

The Company has 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 Contribution during the next annual reporting period

The Company's best estimate of contribution during the next year is INR 89.76 Lakhs (As at 31st March 2022 is INR 85.14 Lakhs)

(iii) Expected cash flows over the next years (valued on undiscounted basis):

Weighted average duration (based on discounted cash flows) (₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1 year	170.89	143.68
2 to 5 years	461.93	431.27
6 to 10 years	490.66	427.64
More than 10 years	1,348.61	1,079.87

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

42. Contingent liabilities and commitments

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
(a)	**Contingent liabilities:**		
	Claims against the Holding Company not acknowledged as debt *		
(i)	Disputed with Excise and Service tax authority [FY 22-23 : Amount deposited : 342.22 Lakhs, Net 5,743.46 Lakhs] [FY 21-22 : Amount deposited : 250.88 Lakhs, Net 5,943.29 Lakhs]	6,085.67	6,194.17
(ii)	Disputed with Sales tax authority [FY 22-23 : Amount deposited : 9.75 Lakhs, Net 337.30 Lakhs] [FY 21-22 : Amount deposited : 9.75 Lakhs, Net 337.30 Lakhs]	347.05	347.05
(iii)	Disputed with GST tax Authority [FY 22-23 : Amount deposited : 0.48 Lakhs, Net 8.79 Lakhs] [FY 21-22 : Amount deposited : NIL , Net NIL]	9.27	-
(iv)	Disputed with Income tax authority [FY 22-23 : Amount deposited : 1,174.13 Lakhs, Net 2,875.47 Lakhs] [FY 21-22 : Amount deposited : 2,158.89 Lakhs, Net 3,733.79 Lakhs]	4,049.60	5,892.69
(v)	Sales bills discounted under letter of credit with Banks	244.39	165.28
(vi)	Arbitration Proceedings of K.B. Mehta against the Company under direction of the Honourable Gujarat High Court.	-	172.32
Guarantees			
(i)	Corporate Guarantee provided to Swedish Pension Authority to the tune of SEK 30.00 Million (March 31, 2022: SEK 53.00 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.	2,375.48	4,285.65
	* 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:**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance).	4,334.98	493.42

43. Segment reporting

The Company publishes these Standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-

a. Disaggregation of revenue

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from long-term construction contracts (A) (revenue recognised over time)	3,107.33	11,794.78
Revenue other than considered in (A) above ((eevenue recognised Point in time)	1,16,591.91	77,486.89
Revenue from operations (Refer note 27)	**1,19,699.24**	**89,281.67**

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

The Company believes that the information provided under Note 27 and Note 44, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, Revenue from Contracts with Customers.

b. Reconciliation of the amount of revenue recognised in the standalone statement of profit and loss with the contracted price:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue as per contracted price	1,23,350.28	91,481.51
Adjustments		
Variable consideration reduction on account of liquidated damages	(3,972.81)	(2,324.70)
Revenue from contract with customers	**1,19,377.47**	**89,156.81**
Export incentives	321.77	124.86
Revenue from operations (refer Note 27)	**1,19,699.24**	**89,281.67**

c. Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Trade receivables	29,944.32	37,908.89
Contract assets		
Unbilled revenue - Other financial assets	102.78	6,314.06
Contract liabilities		
Billing in excess of revenue	367.87	554.98
Advance from customers	7,299.00	10,200.13

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 1st April, 2022 is 14.50% and 8.00% for Lease Arrangeents of current year.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

45.1 As a Lessee - Movement in Lease liabilities

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance as at 1 April	**36.51**	**63.29**
New lease contracts entered during the year	1,523.77	9.35
Finance costs incurred during the year	106.97	7.00
Lease contracts terminated during the year	-	(17.03)
Payments of lease liabilities	(73.12)	(26.11)
Balance as at 31 March (refer note 22)	**1,594.13**	**36.51**
Maturity analysis - Undiscounted cash flows		
Less than one year	89.12	18.39
More than one year	4,812.30	25.64

45.2 Amounts recognised in profit or loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on lease liabilities	106.97	7.00
Expenses relating to short-term leases	1,612.30	1,346.78

45.3 As a Lessor

Lease income from lease contracts in which the Company acts as a lessor is as below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Operating Lease	248.43	237.47
Maturity analysis - Undiscounted cash flows		
Less than one year	101.20	74.61

The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

46. Disclosure as per Sec 186(4) of The Companies Act.,2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of Investments made and Loans given are disclosed in Note Nos. 6 and 7.

(ii) Corporate Guarantees given by the Company in respect of loans as at 31st March, 2023 are as under:-

(₹ in Lakhs)

Sr. No.	Particulars	Relationship	Year ended March 31, 2023	Year ended March 31, 2022
1.	AB Benzlers Sweden	Step-down subsidiary	2,375.48	4,285.65

All above Corporate Guarantees have been given for business purpose.

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

47. Other Disclosures with respect to Schedule III

1. The company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.
2. The company is not declared as wilful defaulter by any bank or financial Institution or other lender.
3. There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237of the Companies Act, 2013.
4. The company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
5. The company have not traded or invested in Crypto currency or Virtual Currency during the year.
6. The company does not have any transactions with companies struck off except as mentioned below:

Sr. No.	Name of the Struck off company	Nature of Transaction	Balance Outstanding	Relationship with the struck off company, if any, to be disclosed
1.	Vaishak Shares Limited	Dividend payment	NIL	NA
2.	Dreams Broking Private Limited	Dividend payment	NIL	NA
3.	Adarsh Textile Industries Pvt. Ltd.	Dividend payment	NIL	NA

7. The company does not have any charges or satisfaction which is yet to be registered with Registrars of Companies beyond the statutory period.
8. The company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
   (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
9. The company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
   (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
   (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

48. The Standalone financial statements were authorised for issue by board of director at their meetings held on April 25, 2023

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

NOTES TO STANDALONE FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

Ratios	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance	Reason for variance
Current Ratio	Current Asset	Current Liabilities	2.31	1.47	57.0%	Increased primarily on account of decrease in current liabilities and effective working capital management.
Debt equity ratio	Total Debt (1)	Shareholders Equity	0.02	0.13	85.4%	Reduction in Borrowings has resulted in improvement in ratio.
Debt Service Coverage Ratio	Earnings available for debt service (2)	Debt Service (3)	10.84	2.78	290.2%	Increased due to lower finance cost and principal repayments of loans during the year.
Return on Equity Ratio	Net profit after Taxes-Preference dividend (if any)	Average Shareholders Equity	18.9%	11.1%	71.2%	Increased profit has resulted in an improvement in the ratio.
Inventory turnover ratio	Cost of goods sold or Sales	Average Inventory	6.72	4.96	35.5%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Trade Receivables turnover ratio	Net Credit Sales	Average account Receivable	3.53	2.09	68.7%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	2.82	1.48	90.2%	Higher efficiency on Working capital improvement has resulted in an improvement in the ratio.
Net capital turnover ratio	Net Sales	Working Capital	3.21	4.04	-20.4%	
Net profit ratio	Net Profit	Net Sales	15.72%	10.80%	45.5%	Increased Turnover and reduced cost has resulted in an improvement in the ratio.
Return on Capital employed	Earning before interest and taxes	Capital Employed (4)	22.82%	14.39%	58.6%	Increased Turnover and reduced cost has resulted in an improvement in the ratio.
Return on investment	Income generated from invested funds(5)	Average Invested funds in Treasury investments(6)	17.15%	4.00%	329.0%	Increased due to investment of excess fund and higher rate of interest has resulted in improvement in the ratio.

(1) Total Debt represents Current Borrowings + Non Current Borrowings + Lease liabilities.
(2) Earnings available for debt service represents Profit Before Tax + Interest on Debt
(3) Debt Service represents Interest on Debt + Scheduled principal repayment of non-current borrowings + Current maturity of lease liabilities
(4) Capital Employed represents Total Equity + Borrowings + Deferred Tax liabilities
(5) Income generated from invested funds represents Interest Income
(6) Average Invested funds in Treasury investments represents Average Fixed deposits of two years

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023.

To the Members of
Elecon Engineering Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Elecon Engineering Company Limited ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss, including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of 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 and on the other financial information of the subsidiaries and associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2023, their consolidated profit and other comprehensive income, consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	The key audit matter	Auditor's Response
1.	**Allowance for Expected credit loss on trade receivables.** 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 the significance of the matter, we applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence: • Evaluating the accounting policy for impairment of trade receivables in terms of the relevant Indian 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. • Evaluated monitoring mechanism by the company related to credit control, collection of trade receivables, follow up for past due amounts and for identification and recognition of corresponding impairment losses; • 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;

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023. (Contd...)

Key Audit Matters (Contd...)

Sr. No.	The key audit matter	Auditor's Response
1.	In view of the above, we have considered measurement of ECL on trade receivables (including retention monies) as a key audit matter.	• Balance confirmation requests were circulated to some of the customers, selected basis random sampling; • We evaluated the historical credit loss experience, current observable data and forward-looking outlook; • Assessing the adequacy of the related disclosures in the Standalone Financial Statements with reference to the relevant Indian accounting standards.
2.	**Related party transactions** The Company has undertaken several transactions with its related parties. These include sale of goods, purchase of goods and availing services from related parties. We identified related party transactions as a key audit matter due to significance of related party transactions, increased regulatory compliances and risk of such transactions remaining undisclosed in the financial statements.	In view of the significance of the matter, we applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence: • Obtained and read the Company's policies, processes and procedures in respect of identifying related parties, obtaining approval, recording and disclosure of related party transactions; • Read minutes of shareholder meetings, board meetings, audit committee meetings and reports of Internal Auditors regarding Company's assessment of related party transactions being in the ordinary course of business at arm's length; • Tested, on a sample basis, related party transactions with the underlying contracts, confirmations and other supporting documents; • Verified the related party information disclosed in the financial statements with the underlying supporting documents, on a sample basis.
3.	**IT systems and controls over financial reporting.** We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and raw material consumption. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant. Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	In view of the significance of the matter, we applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence: • Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit; • Assessed the design and evaluation of the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations; • Performed inquiry procedures with the IT team of the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year; • Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company; • Assessed the operating effectiveness of controls relating to data transmission through the different IT systems to the financial reporting systems.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023. (Contd...)

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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023. (Contd...)

obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph a) of the section titled 'Other Matters' in this audit report.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements and other financial information, in respect of two subsidiaries whose Consolidated or Standalone Financial Statements and other financial information as applicable, include total assets (before consolidation adjustments) of Rs. 11,706.66 Lakhs as at March 31, 2023 and total revenues (before consolidation adjustments) of Rs. 8,511.02 Lakhs, total net profit after tax (before consolidation adjustments) of Rs. 1,608.86 Lakhs , total comprehensive income (before consolidation adjustments) of Rs. 1,948.42 Lakhs and net cash inflow (before consolidation adjustments) of Rs. 305.44 Lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit after tax of Rs. 324.50 Lakhs and total comprehensive income of Rs. 321.31 Lakhs for the year ended March 31,2023, as considered in the Consolidated Financial Statements, in respect of an associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub-sections (3) and (11) of section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such other auditors.

b) The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of a subsidiary, whose Consolidated Financial Statements and other financial information reflect total assets (before consolidation adjustments) of Rs. 33,890.02 Lakhs as at March 31, 2023, total revenues (before consolidation adjustments) of Rs. 32,555.22 Lakhs, total net profit after tax (before consolidation adjustments) of Rs. 3,280.50 Lakhs , total comprehensive income (before consolidation adjustments) of Rs. 3,783.95 Lakhs and net cash outflow (before consolidation adjustments) of Rs. 141.96 Lakhs for the year ended on that date. These unaudited financial statements and other unaudited financial information have been approved and furnished to us by the management. Our opinion, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Companies Act, 2013 in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial statements and other unaudited financial information.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023. (Contd...)

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the matters covered in paragraph a) and b) above with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the 'Other Matters' paragraph we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements;

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards 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, 2023 taken on record by the Board of Directors of the Holding Company and based on the considerations of the report of the statutory auditors of its associate, incorporated in India, none of the directors of the Holding Company and its associate incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its associate incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company and its associate incorporated in India;

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of auditors' reports of the Holding Company and its associate incorporated in India, the remuneration paid by the Holding Company and its associate incorporated in India to their directors during the year is in accordance with the provisions of section 197 of the Act;

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other Matters' paragraph:

      i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its Consolidated Financial Statements – Refer note no. 42 to the Consolidated Financial Statements;

      ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts to the extent entered by the Group and its associate. Refer note no. 8 to the Consolidated Financial Statements in respect of such items as it relates to the Group and its associate;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its associate incorporated in India;

      v. a) The respective managements of the Holding Company and its associate which are the companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its associate to or in any other persons or entities, including foreign entities

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31st March, 2023. (Contd...)

("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or its associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its associate which are the companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such associate respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or its associate from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its associate shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the associate which is the company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause a) and b) contain any material mis-statement;

v. The final dividend paid, by the Holding Company and its associate incorporated in India, during the year in respect of dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note no. 17.2 to the Consolidated Financial Statements, the respective Board of Directors of the Holding Company and its associate incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable for the year under audit.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of section 143(11) of the Act, to be included in the Auditors' Report, according to the information and explanations given to us and based on the CARO report issued by us for the Holding Company and based on CARO report issued by other auditors in respect of an associate whose financial information has been considered in the Consolidated Financial Statements and to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **C N K & Associates LLP**
Chartered Accountants
Firm's Registration No: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
ICAI UDIN : 23037391BGULVA4682

Place : Vallabh Vidyanagar
Date : 25th April, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

We have audited the internal financial controls over financial reporting of **Elecon Engineering Company Limited** ("the Company") and its associate company wherein such audit of internal financial controls over financial reporting was carried out by other Auditors whose reports have been forwarded to us and have been appropriately dealt with by us in making this report as on March 31, 2023 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements of the Company were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2023 (Contd...)

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its associate company has, in all material respects, an internal financial controls with reference to financial statements of the Company and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and the operating effectiveness of the internal financial controls over financial reporting in so far as it relates to associate company, which is incorporated in India, are based on the corresponding reports of the auditors of such company incorporated in India.

Our Opinion is not modified in respect of above matter.

For **C N K & Associates LLP**
Chartered Accountants
Firm's Registration No: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No. 037391
ICAI UDIN : 23037391BGULVA4682

Place : Vallabh Vidyanagar
Date : 25th April, 2023

CONSOLIDATED BALANCE SHEET
as at 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	March 31, 2023	March 31, 2022
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	52,666.42	52,262.73
(b) Right-of-use assets	3	8,172.91	7,023.59
(c) Capital work-in-progress	3	12.40	51.24
(d) Investment property	4	2,522.95	2,534.67
(e) Goodwill	5	10,281.64	10,566.15
(f) Other intangible assets	5	1,754.81	1,531.31
(g) Investments accounted for using the equity method	6	5,702.11	5,404.76
(h) Financial assets			
(i) Investments	7	59.51	19.02
(ii) Other financial assets	8	845.25	186.57
(i) Deferred tax assets (net)	37	208.84	384.27
(j) Income tax assets (net)	9	1,040.36	2,292.53
(k) Other non-current assets	10	1,166.88	935.56
Total non-current assets		**84,434.08**	**83,192.40**
II. Current assets			
(a) Inventories	11	27,879.81	26,166.70
(b) Financial assets			
(i) Investments	12	1,906.45	-
(ii) Trade receivables	13	34,576.65	41,507.44
(iii) Cash and cash equivalents	14	8,234.77	8,436.21
(iv) Bank balances other than (iii) above	14	12,802.28	2,777.23
(v) Other financial assets	8	859.21	6,810.08
(c) Other current assets	15	2,503.76	2,955.15
Total current assets		**88,762.93**	**88,652.81**
Total assets		**1,73,197.01**	**1,71,845.21**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	2,244.00	2,244.00
(b) Other equity	17	1,25,666.95	1,02,779.78
Total equity		**1,27,910.95**	**1,05,023.78**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	1,966.29
(ii) Lease liabilities	19	4,039.21	3,241.82
(b) Non-current provisions	20	3,285.37	4,889.67
(c) Deferred tax liabilities (net)	37	2,635.48	2,772.04
(d) Other non-current liabilities	21	76.22	-
Total non-current liabilities		**10,036.28**	**12,869.82**

CONSOLIDATED BALANCE SHEET (Contd...)
as at 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	March 31, 2023	March 31, 2022
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	-	8,035.46
(ii) Lease liabilities	19	1,118.38	1,876.06
(iii) Trade payables	22		
- Total outstanding dues of micro and small enterprises		4,983.61	3,092.46
- Total outstanding dues of creditors other than micro and small enterprises		16,364.04	23,945.58
(iv) Other financial liabilities	23	600.02	808.46
(b) Other current liabilities	24	10,317.61	11,816.39
(c) Current provisions	25	1,339.01	2,329.44
(d) Current tax liabilities (net)	26	527.11	2,047.76
Total current liabilities		**35,249.78**	**53,951.61**
Total liabilities		**45,286.06**	**66,821.43**
Total equity and liabilities		**1,73,197.01**	**1,71,845.21**
The accompanying notes form an integral part of the consolidated financial statements.	2-51		

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

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

Himanshu Kishnadwala
Partner
Membership No: 037391

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

Place : Vallabh Vidyanagar
Date : 25th April, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	27	1,52,968.21	1,21,194.58
Other income	28	2,005.91	856.19
Total income (I)		**1,54,974.12**	**1,22,050.77**
Expenses			
Cost of materials consumed	29	71,936.33	60,743.53
Changes in inventories of finished goods and work-in-progress	30	(501.04)	(3,573.11)
Manufacturing expenses and erection charges	31	12,137.02	8,955.11
Employee benefits expense	32	14,973.25	12,818.72
Finance costs	33	1,331.22	3,734.12
Depreciation and amortisation expense	3,4 & 5	4,903.93	4,857.64
Other expenses	34	20,535.12	17,606.35
Total expenses (II)		**1,25,315.83**	**1,05,142.36**
Profit before share of equity accounted investee and tax (I-II)		29,658.29	16,908.41
Share of Profit from Associate (net of tax)		324.50	144.23
Profit before tax		**29,982.79**	**17,052.64**
Tax expense	37		
Current tax		6,691.82	3,057.15
Adjustment of tax relating to earlier periods		(342.61)	123.37
Deferred tax		(115.77)	(177.13)
Total Tax Expense		**6,233.44**	**3,003.39**
Profit for the year		**23,749.35**	**14,049.25**
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	633.29	(303.92)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		**633.29**	**(303.92)**
B. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans	17	53.11	(274.52)
Income tax related to items that will not be reclassified to profit or loss		22.21	76.93
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		**75.32**	**(197.59)**
Total other comprehensive income for the year (net of tax) [A+B]		**708.61**	**(501.51)**
Total comprehensive income for the year		**24,457.96**	**13,547.74**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd...)
for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to:			
Owners of the Company		23,749.35	14,049.25
Non-controlling interest		-	-
Profit for the year		**23,749.35**	**14,049.25**
Other comprehensive income attributable to:			
Owners of the Company		708.61	(501.51)
Non-controlling interest		-	-
Other comprehensive income for the year		**708.61**	**(501.51)**
Total comprehensive income attributable to:			
Owners of the Company		24,457.96	13,547.74
Non-controlling interest		-	-
Total comprehensive income for the year		**24,457.96**	**13,547.74**
Earnings per equity share	36		
Equity share of face value INR 2/- each			
Basic		21.17	12.52
Diluted		21.17	12.52
The accompanying notes form an integral part of the consolidated financial statements.	2-51		

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March, 2023

(1) Current reporting period

(₹ in Lakhs)

Particulars	Balance as at April 1, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31,2023
Equity share capital	2,244.00	-	2,244.00	-	2,244.00

(2) Previous reporting period

(₹ in Lakhs)

Particulars	Balance as at April 1, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 1, 2021	Changes in equity share capital during the year	Balance as at March 31, 2022
Equity share capital	2,244.00	-	2,244.00	-	2,244.00

(₹ in Lakhs)

Particulars	Other equity						Total equity attributable to the owners of the company
	Reserves & Surplus					Other Comprehensive Income	
	Capital reserve	Securities premium	General reserve	Debenture Redemption Reserve	Retained earnings	Exchange difference on translating the financial statement	
Balance as at April 1, 2021	246.93	2,878.14	44,324.14	2,500.00	38,466.92	1,264.70	89,680.83
Total comprehensive income for the period							
Profit for the year	-	-	-	-	14,049.25	-	14,049.25
Remeasurements of post-employment benefit obligation, (Net of Tax) accounted through Other comprehensive income	-	-	-	-	(197.59)	-	(197.59)
Foreign currency translation	-	-	-	-	-	(303.92)	(303.92)
Dividend paid					(448.80)	-	(448.80)
Transfer to retained earnings				(2,500.00)	2,500.00		-
Total comprehensive income for the period	**-**	**-**	**-**	**(2,500.00)**	**15,902.86**	**(303.92)**	**13,098.94**
Balance as at March 31, 2022	**246.93**	**2,878.14**	**44,324.14**	**-**	**54,369.78**	**960.78**	**1,02,779.78**
Balance as at April 1, 2022	**246.93**	**2,878.14**	**44,324.14**	**-**	**54,369.78**	**960.78**	**1,02,779.78**
Total comprehensive income for the period							
Profit for the year	-	-	-		23,749.35	-	23,749.35
Remeasurements of post-employment benefit obligation, (net of tax) accounted through Other comprehensive income	-	-	-	-	75.32	-	75.32
Foreign currency translation	-	-	-	-	-	633.29	633.29
Dividend paid	-	-	-	-	(1,570.80)	-	(1,570.80)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**22,253.87**	**633.29**	**22,887.16**
Balance as at March 31, 2023	**246.93**	**2,878.14**	**44,324.14**	**-**	**76,623.65**	**1,594.08**	**1,25,666.95**

For description of reserves Refer Note 17

The accompanying notes form an integral part of the consolidated financial statements. (2-51)

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

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

Himanshu Kishnadwala
Partner
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Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

Place : Vallabh Vidyanagar
Date : 25th April, 2023

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Cash flow from operating activities		
Profit before tax	**29,982.79**	**17,052.64**
Adjustments for :		
(i) Share of profit of associates	(324.50)	(144.23)
(ii) Depreciation and amortisation expense	4,903.93	4,857.64
(iii) Finance costs	1,331.22	3,734.12
(iv) (Gain)/loss on fair valuation of investment	(50.35)	11.72
(v) Loss on sold/discarded of property, plant and equipments (net)	159.47	461.60
(vi) Interest income	(431.39)	(183.50)
(vii) Dividend income	(56.00)	(0.02)
(viii) Bad debts written off	1,376.80	2,125.18
(ix) Unrealised exchange (gain)/loss	90.69	36.85
(x) Provision for other contract liabilities, warranty and others	(882.44)	646.75
(xi) Increase/(reversal) of provison for onerous contract	(20.72)	(98.09)
(xii) Liabilities written back	(526.81)	(92.52)
(xii) Provision for doubtful debts	(606.44)	(741.03)
	34,946.24	**27,667.11**
Working Capital Adjustments		
(Increase)/decrease in trade receivables	6,183.24	7,772.18
(Increase)/decrease in inventories	(1,713.11)	(1,144.35)
(Increase)/decrease in financial assets	6,123.26	12,840.93
(Increase)/decrease in other current and non-current assets	783.94	910.73
(Decrease)/increase in trade payables	(5,306.66)	(15,107.07)
(Decrease)/increase in provisions, current and non-current liabilities	(3,235.03)	(4,591.20)
(Decrease)/Increase in other financial liabilities	(162.50)	(2,931.17)
Cash generated from operations	**37,619.39**	**25,417.16**
Taxes Paid (net of refund)	(6,617.69)	(3,097.13)
Net cash generated from operating activities (A)	**31,001.70**	**22,320.03**
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(4,705.52)	(2,172.87)
Proceeds from sale of property, plant and equipment (including Right to Use assets)	88.86	780.68
Payments for Purchase of investments	(1,901.19)	-
Proceeds from sale of Investments	3.47	-
Interest received	453.14	247.23
Dividend received	56.00	0.02
Investment in Bank deposits	(10,705.47)	2,595.96
Dividend received from associate	27.15	47.92
Net cash (used in) from investing activities (B)	**(16,683.56)**	**1,498.94**
Cash flow from financing activities		
Repayment of non current borrowings (footnote 4)	(1,966.29)	(14,501.72)
Repayment of current borrowings (net) (footnote 4)	(8,035.46)	(3,507.01)
Repayment against other financing arrangements	(1,193.27)	(1,061.36)
Finance cost paid	(1,370.82)	(4,588.74)
Dividend paid	(1,570.80)	(456.57)
Principal payment of lease liabilities	(382.94)	(881.85)
Net cash (used in) financing activities (C)	**(14,519.58)**	**(24,997.25)**

CONSOLIDATED STATEMENT OF CASH FLOWS (Contd...)

for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Net decrease in cash and cash equivalents (A+B+C)	(201.44)	(1,178.28)
Cash and cash equivalents at 1 April (Refer Note 14)	8,436.21	9,614.49
Cash and cash equivalents at 31 March (Refer Note 14)	8,234.77	8,436.21
Components of cash & cash equivalents :		
Cash on hand	0.26	0.26
Balances with banks		
- In current accounts	6,233.51	7,640.94
- Deposits with bank (with maturity up to 3 months)	2,001.00	795.01
	8,234.77	**8,436.21**

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. Previous period figures have been regrouped / reclassified wherever necessary.
5. Movement in liabilities arising from financing activities as at March 31 2023:

(₹ in Lakhs)

Particulars	Borrowings	Lease Liabilities	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	10,001.75	5,117.88	-	40.58
Repayment of borrowings (net)	(10,001.75)	(1,576.21)	-	-
Impact of Effective Interest Rate (EIR)	-	-	-	-
Dividend paid (including taxes)	-	-	(1570.80)	-
Finance cost paid	-	(247.96)	-	(1,370.82)
Net cash outflows	**-**	**3,293.70**	**(1,570.80)**	**(1,330.24)**
Interest accrued during the year	-	247.96	-	-
Remeasurement of lease liability	-	1,791.01	-	-
Charge to statement of profit and loss	-	-	-	1,331.22
Foreign exchange fluctuation	-	104.43	-	-
Balance at the end of the year	**-**	**5,157.59**	**-**	**0.98**

The accompanying notes form an integral part of the consolidated financial statements. (2-51)

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

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Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

These Consolidated financial statements of the Group comprises, the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "Consolidated financial statements"). These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of Companies Act, 2013, (the 'Act') and guidelines issued by the Securities and Exchange Board of India (SEBI).

Details of the Group's accounting policies are included in Note 2.6.

2.2 Functional currency and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention on accrual basis except for the following:

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

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Judgments

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

- **Note 6 –** identification of whether the Group has significant influence over an investee where the shareholding is below 20% of the issued share capital.
- **Note 4 –** identification of the land and/or building as an investment property.
- **Note 6 –** determining the amount of Impairment loss.
- **Note 38 –** determining the amount of expected credit loss on financial assets (including trade receivables)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

- **Note 43** – identification of reportable operating segments; and
- **Note 2.5l and 27** – identification of performance obligation in revenue recognition

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2023 is included in the following notes:

- **Note 3-5 –** estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment, investment properties and intangible assets.
- **Note 37 –** recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- **Note 41 –** measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 20, 25 and 41 –** recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 38 –** impairment of financial assets.
- **Note 27 and 44 –** Revenue recognition based on percentage of completion and provision for onerous contracts
- **Note 3 and 19 -** Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

  The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.5 Measurement of fair values

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

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

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

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

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

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

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

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

- **Note 4 –** investment property;
- **Note 38 and 39 –** financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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)

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.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Operating cycle and classification of current and non-current:

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

All the assets and liabilities are classified as current and non current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Foreign currency transactions

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

Transactions in foreign currencies are translated into the functional currency of the Group companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit and loss.

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;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

- FVOCI – equity investment; or
- FVTPL

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

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

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

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

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

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria.

For categorization as at amortised cost or as FVOCI, is classified as at FVTPL.

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

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

Financial assets: Business model assessment

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

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

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

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.

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

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

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Offsetting

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

Derivative financial instruments:

The Group uses derivative financial instruments, such as foreign exchange forward contracts to manage its exposure to foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

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e) **Property, plant and equipment**

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Depreciation

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

(i) For Holding Company

Particulars	Depreciation Method	Useful life
Plant and Equipments*	Straight line Basis	5 to 35 years
Buildings	Written Down Value Basis	10 to 60 years
All other Property, Plant and Equipment	Written Down Value Basis	As prescribed in Schedule II to the Companies Act, 2013

* During the year on re-evaluation the useful life of one of the Plant and Equipment was changed from 10 years to 8 years; resulting in additional charge of INR 63.78 Lakhs.

(ii) For Overseas Subsidiaries

Particulars	Depreciation Method	Useful life
Plant and Machineries	Straight line Basis	7 years
Buildings	Straight line Basis	20 years
All other Property, Plant and Equipment	Straight line Basis	4 to 5 years

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

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

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.

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Capital Work-In-Progress (CWIP).

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Advances given towards acquisition of assets (including CWIP) and outstanding at each balance sheet date are disclosed as “Other Non-Current Assets”.

f) Goodwill and other Intangible assets

Goodwill

For measurement of goodwill that arises on a business combination (see Note 2.6 (a) (i)). Subsequent measurement is at cost less any accumulated impairment losses.

In respect of business combinations that occurred prior to 1 April 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under Previous GAAP, adjusted for the reclassification of certain intangibles.

Internally generated: Research and development and software development

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

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

Other intangible assets

Other intangible assets that are acquired by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent expenditure

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

Amortisation

Amortisation is calculated to amortise the cost of intangible assets over their estimated useful lives (6 years) using the straight-line method and is included in depreciation and Amortisation in the statement of profit and loss.

Particulars	Depreciation Method	Useful life
Computer Software	Straight Line Basis	3 years*
Licenses	Straight Line Basis	6 years

* During the year on re-evaluation the useful life was changed from 6 years to 3 years; resulting in additional charge of INR 87.05 Lakhs.

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 is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and included in the statement of profit or loss in the period in which the property is derecognized.

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for the year ended 31st March, 2023

h) Inventories

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

- **Raw materials:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.
- **Stores and spares** (consisting of engineering spares, which are used in operating machines or consumed as indirect materials in the manufacturing process): cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

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

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

i) Impairment

Impairment of financial assets

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

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

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

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

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

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

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present 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.

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for the year ended 31st March, 2023

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

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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.

Onerous contracts

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

Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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for the year ended 31st March, 2023

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.

Transaction Price

The Group is required to determine the transaction price in respect of each of its contracts with customers. Contract with customers for sale of goods or services are either on a fixed price or on variable price basis. For allocating the transaction price, the Group measures the revenue in respect of each performance obligation of contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In making judgment about the standalone selling price, the Group also assesses the impact of any variable consideration in the contract, due to discounts or rebates.

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.

Dividend and Interest income

Dividend income from investments is recognised when the Company's right to receive payment is established.

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Insurance claim

Insurance claims are recognised on the basis of claims admitted / expected to be admitted, to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Other Income

Other income is comprised primarily of gain / loss on investments, exchange gain/loss on foreign currency transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
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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) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Government grants relating to PPE are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

The export incentives received by the Group such as duty draw back, Remission of Duties or Taxes on Export Products Scheme (RoDTEP) and Export Promotions on Capital Goods (EPCG) scheme are treated as government grants.

n) Leases

The Group at inception of a contract, assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd…)

for the year ended 31st March, 2023

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.

o) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Current tax

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

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

Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history 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.

r) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense basis the Effective Interest Rate (EIR) method for non-current borrowings and for current borrowings the same are charged to the statement of profit and loss as and when incurred.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 43.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

r) **Cash and cash equivalents**

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

s) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from the operating, investing and financing activities of the Company are segregated. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

t) **The Dividend Distribution to equity shareholders:**

The Holding Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Holding Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity along with any tax thereon.

u) **Earnings per share**

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Holding Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.7 Recent pronouncements

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from April 1, 2023.

a) Ind AS 101 – First time adoption of Ind AS – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets.

b) Ind AS 102 – Share-based Payment – modification relating to adjustment after vesting date to the fair value of equity instruments granted.

c) Ind AS 103 – Business Combination – modification relating to disclosures to be made in the first financial statements following a business combination.

d) Ind AS 107 – Financial Instruments Disclosures – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments.

e) Ind AS 109 – Financial Instruments – modification relating to reassessment of embedded derivatives.

f) Ind AS 1 - Presentation of Financials Statements – modification relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

g) Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors – modification of definition of 'accounting estimate' and application of changes in accounting estimates.

h) Ind AS 12 – Income Taxes – modification relating to recognition of deferred tax liabilities and deferred tax assets.

i) Ind AS 34 – Interim Financial Reporting – modification in interim financial reporting relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

The Company is evaluating the amendments and the expected impact, if any, on the Company's financial statements on application of the amendments for annual reporting periods beginning on or after April 01, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

3. Property, plant and equipment

(₹ in Lakh)

Particulars	Land	Buildings	Plant & equipment	Furniture & fixture	Vehicles	Office equipment	Electrical installations & fittings	Sundry equipment	Total	Capital work in progress (CWIP)
Cost										
As at April 1, 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
Additions	-	27.73	1,680.72	0.57	11.93	125.60	93.53	55.75	1,995.83	2,016.11
Deductions	(21.07)	(11.90)	(1,312.32)	(392.64)	(324.94)	(353.77)	-	(280.79)	(2,697.44)	-
Recoupment/Adjustment	-	(1.62)	(1,776.27)	16.65	25.94	8.54	(954.00)	(25.03)	(2,705.79)	-
Exchange difference	-	45.38	(173.76)	(2.00)	(43.35)	0.69	(125.66)	(42.00)	(340.69)	-
Capitalised	-	-	-	-	-	-	-	-	-	(1,995.83)
As at March 31, 2022	**27,432.25**	**7,563.12**	**44,252.51**	**504.26**	**299.61**	**1,269.23**	**678.66**	**1,107.08**	**83,106.72**	**51.24**
Additions	1.60	17.13	3,606.67	12.89	86.52	275.31	408.01	50.94	4,459.07	4,420.23
Deductions	-	-	(998.28)	(119.94)	(2.75)	(768.09)	(384.54)	(1.03)	(2,274.63)	
Exchange difference	-	107.00	95.90	10.61	6.88	39.42	-	28.81	288.62	
Capitalised									-	(4,459.07)
As at March 31, 2023	**27,433.85**	**7,687.25**	**46,956.80**	**407.83**	**390.26**	**815.87**	**702.14**	**1,185.80**	**85,579.79**	**12.40**
Accumulated depreciation										
As at April 1, 2021	**-**	**4,291.66**	**22,463.21**	**756.83**	**493.70**	**1,241.95**	**1,516.16**	**1,256.85**	**32,020.35**	
Depreciation for the year	-	391.56	3,115.32	27.54	28.51	114.40	42.48	77.99	3,797.80	
Deductions	-	(3.43)	(801.03)	(360.61)	(256.28)	(314.74)	(109.87)	(262.37)	(2,108.33)	
Recoupment/Adjustment	-	(16.70)	(1,762.78)	12.34	25.94	7.95	(951.83)	(22.27)	(2,707.35)	
Exchange difference	-	21.78	(160.76)	(2.07)	(44.54)	0.46	-	26.67	(158.46)	
As at March 31, 2022	**-**	**4,684.87**	**22,853.96**	**434.03**	**247.33**	**1,050.02**	**496.94**	**1,076.87**	**30,844.01**	
Depreciation for the year	-	334.23	3,049.13	17.76	46.69	206.74	64.15	54.32	3,773.01	
Deductions	-	-	(684.02)	(109.89)	(2.07)	(712.01)	(354.56)	(0.90)	(1,863.45)	
Exchange difference		57.47	57.43	6.34	4.95	5.75	0.00	27.88	159.81	
As at March 31, 2023	**-**	**5,076.57**	**25,276.50**	**348.24**	**296.90**	**550.50**	**206.53**	**1,158.17**	**32,913.38**	
Carrying value (net)										
As at March 31, 2023	**27,433.85**	**2,610.68**	**21,680.30**	**59.59**	**93.36**	**265.37**	**495.61**	**27.63**	**52,666.42**	
As at March 31, 2022	**27,432.25**	**2,878.25**	**21,398.56**	**70.23**	**52.28**	**219.21**	**181.72**	**30.21**	**52,262.73**	

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).
3) During the year on re-evaluation the useful life of one of the Plant and Equipment was changed from 10 years to 8 years; resulting in additional charge of INR 63.78 Lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

The following is the movement in Right of use Assets (ROU) during the year ended 31st March, 2023 (₹ in Lakhs)

Particulars	Lease-hold Land	Building	Vehicles	Plant & Equipments	Total
Cost					
As at April 1, 2021	**3,936.33**	**3,162.74**	**260.60**	**59.18**	**7,418.85**
Additions	-	1,586.79	229.01	9.35	1,825.15
Deductions	-	(520.30)	(132.87)	0.00	(653.17)
Recoupment/Adjustment	-	(19.41)	-	(0.01)	(19.42)
Exchange difference	-	(1.90)	86.65	9.04	93.79
As at March 31, 2022	**3,936.33**	**4,207.92**	**443.39**	**77.56**	**8,665.20**
Additions	1,658.42	40.37	33.89	-	1,732.68
Remeasurement due to lease modification	-	236.34	-	-	236.34
Deductions	-	(70.57)	-	-	(70.57)
Recoupment/Adjustment	-	86.18	(71.65)	(4.84)	9.69
Exchange difference	0.00	165.45	50.77	(1.88)	214.34
As at March 31, 2023	**5,594.75**	**4,665.69**	**456.39**	**70.84**	**10,787.68**
Accumulated Depreciation					
As at April 1, 2021	**142.61**	**1,170.45**	**161.16**	**44.55**	**1,518.77**
Depreciation for the year	71.31	599.81	93.64	13.25	778.01
Deductions	-	(520.30)	(132.87)	0.00	(653.17)
Recoupment/Adjustments	-	(19.41)	-	1.96	(17.45)
Exchange difference	-	5.60	31.81	(21.96)	15.45
As at March 31, 2022	**213.92**	**1,236.15**	**153.74**	**37.80**	**1,641.61**
Depreciation for the year	124.43	574.58	77.46	11.55	788.03
Deductions	-	(40.61)	-	-	(40.61)
Recoupment/Adjustment	-	160.73	(11.62)	(10.66)	138.45
Exchange difference	0.00	86.19	1.48	(0.43)	87.25
As at March 31, 2023	**338.35**	**2,017.06**	**221.06**	**38.26**	**2,614.75**
Carrying value (net) as at March 31, 2023	**5,256.40**	**2,648.63**	**235.33**	**32.58**	**8,172.91**
Carrying value (net) as at March 31, 2022	**3,722.41**	**2,971.76**	**289.64**	**39.76**	**7,023.58**

3. CWIP Ageing Schedule

(i) For the year ending March 31, 2023. (₹ in Lakhs)

CWIP as on March 31 2023	Amount in CWIP				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12.40	-	-	-	12.40

Note: There are no projects whose completion is overdue or has exceeded its cost.

(ii) For the year ending March 31 2022. (₹ in Lakhs)

CWIP as on March 31 2022	Amount in CWIP				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	12.40	-	-	-	12.40

Note: There are no projects whose completion is overdue or has exceeded its cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

4. Investment Property

(₹ in Lakhs)

Particulars	Land	Office Building	Total
Cost			
As at April 1, 2021	**2,300.29**	**335.62**	**2,635.91**
Additions	-	-	-
As at March 31, 2022	**2,300.29**	**335.62**	**2,635.91**
Additions	-	-	-
As at March 31, 2023	**2,300.29**	**335.62**	**2,635.91**
Depreciation and Impairment			
As at April 1, 2021	**-**	**88.91**	**88.91**
Depreciation for the year	-	12.34	12.34
As at March 31, 2022	**-**	**101.25**	**101.25**
Depreciation for the year	-	11.72	11.72
As at March 31, 2023	**-**	**112.97**	**112.97**
Carrying value (net)			
As at March 31, 2023	**2,300.29**	**222.65**	**2,522.95**
As at March 31, 2022	2,300.29	234.38	2,534.67

Information regarding income and expenditure of Investment property

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year ended March 31, 2022
Rental income derived from Investment property	12.92	13.23
Direct operating expenses (including repairs and maintenance) generating rental income	1.00	1.05
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment property before depreciation and indirect expenses	**11.92**	**12.18**
Less : Depreciation	11.72	12.34
(Loss) arising from investment property before indirect expenses	**0.20**	**(0.16)**

Notes :

1) Refer note 18 for information on Investment property pledged as security by the Group.
2) The Group has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

4. Investment Property (Contd...)

Fair value of the Investment property is as under:

(₹ in Lakhs)

Fair value	Land	Office Building
Balance as at April 1, 2021	**2,755.44**	**618.63**
Fair value increase for the year	66.43	35.35
Balance as at March 31, 2022	**2,821.87**	**653.98**
Fair value increase for the year	66.44	8.83
Balance as at March 31, 2023	**2,888.31**	**662.81**

Estimation of fair value

As at March 31, 2023 and March 31, 2022 the fair values of the property are based on valuations performed by Registered Valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules 2017.

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

The Group obtains independent valuations for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties.

The valuation of investment property as at March 31, 2023 and March 31, 2022 is done based on market feedback on values of similar properties and hence considered under "Level 2" of fair value measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

as at 31st March, 2023

5. Other Intangible Assets

(₹ in Lakhs)

Particulars	Intangible assets				Goodwill
	Computer Software	Technical Knowhow -Acquired	Licenses	Total	
Cost					
As at April 1, 2021	**1,077.59**	**2,279.48**	**381.71**	**3,738.78**	**10,712.15**
Additions	-	-	-	-	-
Recoupment / Adjustment	88.68	341.63	191.05	621.36	-
Deductions	(526.78)	(384.31)	(532.38)	(1,443.47)	-
Exchange rate movement	-	(32.59)	-	(32.59)	(146.00)
As at March 31, 2022	**639.49**	**2,204.21**	**40.38**	**2,884.08**	**10,566.15**
Additions	152.44	-	-	152.44	-
Deductions	(59.94)	-	-	(59.94)	-
Exchange rate movement	-	465.73	-	465.73	(284.51)
As at March 31, 2023	**731.99**	**2,669.94**	**40.38**	**3,442.31**	**10,281.64**
Accumulated amortisation					
As at April 1, 2021	**800.13**	**781.82**	**359.19**	**1,941.14**	**-**
Amortisation for the year	104.46	157.38	7.67	269.51	-
Recoupment / Adjustment	88.82	341.50	191.04	621.36	-
Deductions	(526.78)	(384.31)	(532.38)	(1,443.47)	-
Exchange rate movement	-	(35.77)	-	(35.77)	-
As at March 31, 2022	**466.63**	**860.62**	**25.52**	**1,352.77**	**-**
Amortisation for the year	177.55	147.64	6.00	331.18	-
Deductions	(56.97)	-	-	(56.97)	-
Exchange rate movement	-	60.52	-	60.52	-
As at March 31, 2023	**587.21**	**1,068.78**	**31.52**	**1,687.52**	**-**
Carrying value (net)					
As at March 31, 2023	**144.78**	**1,601.16**	**8.86**	**1,754.81**	**10,281.64**
As at March 31, 2022	172.86	1,343.59	14.86	1,531.31	10,566.15

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 12.68% p.a. (March 31, 2022: 11.18% 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, 2022: 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, 2023 for the BR Group CGU resulted in no impairment of goodwill (March 31, 2022: Nil).

The management believes that no reasonably possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

- Computer software consists of capitalised development costs of Enterprise Resource Planning software being internally generated intangible assets.
- There are no Intangible Assets under development as on March 31, 2023 and March 31, 2022.
- During the year on re-evaluation the useful life was changed from 6 years to 3 years; resulting in additional charge of INR.87.05 Lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

6. Investments accounted for using the equity method

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
(i) Investment in associates (Fully paid-up) (equity method) (Refer Note 49)		
Investment in Eimco Elecon (India) Limited*		
Cost of investments (958,426 equity shares (March 31, 2022 : 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)	5,484.82	5,187.47
* 200,000 equity shares (March 31, 2022 : 200,000 equity shares) of Eimco Elecon (India) Limited have been pledged for availing working capital demand loans.		
Total Investment in associate (equity method)	**5,702.11**	**5,404.76**

7. Financial assets - Investments

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
Investments carried at fair value through profit and loss: Investment in equity shares			
(i) Unquoted			
(a) 200,000 equity Shares (March 31, 2022 : 200,000 equity shares) of ₹ 10 each of Eimco Elecon Electricals Limited		59.36	15.40
(b) 30 equity shares (March 31, 2022: 30 equity shares) of ₹ 500 each of Charotar Gas Sahakari Mandali Limited #		0.15	0.15
	(A)	**59.51**	**15.55**
Investment in mutual funds (mandatorily measured at FVTPL)			
Quoted			
(a) NIL units (March 31, 2022 637,047.49 units) of Aditya Birla Sunlife Medium Term Plan - Growth Regular Plan		-	3.47
	(B)	**-**	**3.47**
Total Investments (A+B)		**59.51**	**19.02**
(a) Investments in quoted instruments:			
Aggregate carrying value		-	3.47
Aggregate market value		-	3.47
(b) Investments in unquoted instruments:			
Aggregate carrying value		59.51	15.55

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

8. Financial asset - Other financial assets

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Unbilled revenue - Contract assets	102.78	-	6,314.06	-
Deposits with bank earmarked as margin money	-	845.25	-	186.57
Accrued interest income	243.93	-	78.19	-
Other receivables - Security deposit	505.86	-	417.84	-
Liability on account of Forex Derivative	6.63	-	-	-
Total other financial assets	**859.20**	**845.25**	**6,810.08**	**186.57**

Non-current	845.25	186.57
Current	859.21	6,810.08
Total	**1,704.46**	**6,996.65**

Security deposits are primarily in relation to public utility services, tender deposits and rental properties.

9. Income tax assets (net)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Advance tax (net of provision for tax)	1,040.36	2,292.53
Total income tax assets (net)	**1,040.36**	**2,292.53**

10. Other non-current assets

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Capital advances	395.12	64.68
Prepaid expenses	121.46	204.89
Balances with government authorities (including amount paid under protest)	650.30	665.99
Total other non-current assets	**1,166.88**	**935.56**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at 31st March, 2023

11. Inventories

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
(At lower of cost and net realisable value)#		
Raw materials	10,146.40	9,149.50
Work-in-progress	6,954.99	9,212.58
Finished goods	6,252.06	5,263.86
Goods in transit	3,377.06	1,696.79
Stores and spares	1,149.30	843.97
Total inventories	**27,879.81**	**26,166.70**
Carrying amount of inventories pledged as security for liabilities	**17,574.14**	**18,041.60**

Inventory consumption during the year is included in cost of material consumed. Refer note 29

Net of inventory allowance aggregating to INR 2,013.02 lakhs (March 31, 2022: INR 2,869.29 lakhs)

12. Current Financial assets - Investments

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Investment at FVTPL		
Market Linked Debentures- Quoted		
Nuvama Wealth Finance Limited GSEC Linked (Series C3F101A)	1,415.34	-
Piramal Enterprise Limited- Index Linked NCD	284.42	-
Shriram Transport Finance Company Limited - Market Linked NCD	35.19	-
Shriram Finance Limited - GSEC Linked NCD	171.50	-
Total Current Financial assets - Investments	**1,906.45**	**-**

13 Trade receivables

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Trade receivables		
Unsecured, considered good	35,626.18	42,563.42
Unsecured which have significant increase in credit risk	31.58	744.85
	35,657.76	**43,308.27**
Less : Allowance for expected credit loss*	(1,081.11)	(1,800.83)
Total Trade receivables	**34,576.65**	**41,507.44**
Receivable from third parties (net of allowance)	34,302.82	41,023.32
Receivables from related parties (Refer note 40)	273.83	484.12
Total	**34,576.65**	**41,507.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at 31st March, 2023

13 Trade receivables (Contd...)

Allowance for Expected Credit Loss (ECL)

*Allowance for expected credit loss is calculated based on the ECL model as described under Ind AS 109. Refer Note 2.6 and Note 38(b) for the Group's accounting policy and basis of calculating ECL allowance.

Movement in allowance for expected credit loss :

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year	**1,800.83**	**2,627.58**
Add : Allowance for the year	185.63	1,213.35
Less : Reversal of allowance	(905.35)	(2,040.10)
Balance at the end of the year	**1,081.11**	**1,800.83**

(i) **For the year ending March 31 2023.**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	15,546.60	14,199.42	1,078.58	626.06	219.34	1,291.90	32,961.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	4.32	-	-	-	13.32	17.64
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	31.57	31.57
(iv) Disputed Trade Receivables– considered good	-	5.87	195.51	21.08	19.43	2,398.61	2,640.50
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	6.14	-	-	-	6.14
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: ECL Provision	-	-	-	-	-	-	(1,081.11)
Total	**15,546.60**	**14,209.61**	**1,280.23**	**647.14**	**238.77**	**3,735.40**	**34,576.65**

Includes retention money receivable amounting to INR 6,047.70 lakhs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

13. Trade receivables (Contd...)

(ii) For the year ending March 31, 2022.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	20,235.06	7,590.56	993.96	1,740.94	874.77	7,696.54	39,131.83
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	5.76	48.07	53.83
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	4.97	30.61	14.31	61.80	3,261.06	3,372.76
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	744.85	744.85
(vi) Disputed Trade Receivables – credit impaired	-	-	-	5.00	-	-	5.00
Less: ECL Provision							(1,800.83)
Total	**20,235.06**	**7,595.53**	**1,024.57**	**1,760.25**	**942.33**	**11,750.52**	**41,507.44**

Includes retention money receivable amounting to INR 13,473.97 lakhs

14. Cash and bank balances

(₹ in Lakhs)

	Particulars	March 31, 2023	March 31, 2022
(a)	**Cash and cash equivalents**		
	Balances with bank		
	- Current accounts and debit balance in cash credit accounts	6,233.51	7,640.94
	Deposits with bank (with maturity up to 3 months)	2,001.00	795.01
	Cash on hand	0.26	0.26
	Total cash and cash equivalents	**8,234.77**	**8,436.21**
(b)	**Bank balances other than above**		
	Deposits with bank earmarked as margin money	19.73	2,433.37
	Deposits with original maturity of more than 3 months but less than 12 months	12,727.22	282.35
	Unpaid dividend accounts	55.33	61.51
	Total other bank balances	**12,802.28**	**2,777.23**
	Total cash and bank balances	**21,037.05**	**11,213.44**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

15. Other current assets

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
Advance to suppliers		143.51	470.30
Receivable from government authorities	1,123.07		712.82
Less : Provision for doubtful balances	(728.05)		-
		395.02	712.82
Prepaid expenses		1,672.19	1,548.82
Other claims receivable		277.10	223.21
Gratuity paid in Advance		15.94	-
Total other current assets		**2,503.76**	**2,955.15**

16. Share capital

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
Authorised share capital				
Equity shares of INR 2 each	22,75,00,000	4,550.00	22,75,00,000	4,550.00
Cumulative Redeemable Preference Shares of INR 2 each	2,50,00,000	500.00	2,50,00,000	500.00
Non-cumulative non-convertible Redeemable Preference Shares of INR 100 each	1,27,50,000	12,750.00	1,27,50,000	12,750.00
	26,52,50,000	**17,800.00**	**26,52,50,000**	**17,800.00**
Issued, subscribed and fully paid up				
Equity shares of INR 2 each	11,21,99,965	2,244.00	11,21,99,965	2,244.00
Total equity share capital	**11,21,99,965**	**2,244.00**	**11,21,99,965**	**2,244.00**

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

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	INR in Lakhs	No. of shares	INR in Lakhs
At the beginning and at the end of the year	11,21,99,965	2,244.00	11,21,99,965	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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

16.3 Number of shares held by each shareholder holding more than 5% Shares in the Holding Company

Particulars	March 31, 2023		March 31, 2022	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Aakaaish Investments Private Limited*	5,23,02,237	46.62	-	-
EMTICI Engineering Limited*	-	-	2,63,37,818	23.47
Prayas Engineering Limited*	-	-	1,22,30,414	10.90
K. B. Investments Private. Limited	97,40,418	8.68	97,11,418	8.66
Bipra Investments & Trusts Private Limited#	-	-	72,86,197	6.49

Notes:-

(a) *The Composite Scheme of Merger and Arrangement ("Scheme") consisting Demerger of Demerged Undertakings of Emtici Engineering Limited, Akaaish Mechatronics Limited, Wizard Fincap Limited, Speciality Wood Pack Private Limited, Prayas Engineering Limited, Elecon Information Technology Limited and Elecon Peripherals Limited (collectively referred to as "Demerged Companies"); and Merger of Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited (collectively referred to as "Transferor Companies") into/with Aakaaish Investments Private Limited (collectively referred to as "Resulting Company" or "Transferee Company") is approved by the National Company Law Tribunal, Ahmedabad Bench vide by an order dated 2nd November, 2022 (certified copy of said Order dated 4th November, 2022) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

(b) #Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited are merged into Akaaish Investments Private Limited vide above said NCLT Order and hence as on 31st December, 2022; there is no existance of these two merged companies.

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, 2023	March 31, 2022
Equity shares allotted as fully paid up shares by virtue of schemes of arrangement pertaining to FY 2016-17	-	32,64,122

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at 31st March, 2023

16.5 Number of shares held by Promoters

Sr. No.	Name of the Promoters/Promoter Group	No. of Shares held at the end of the year [As on 31-March-2023]		No. of Shares held at the end of the year [As on 31-March-2022]		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1	Prayasvin Bhanubhai Patel	19,62,932	1.75%	19,62,932	1.75%	0.00%
2	Trupti Pradip Patel	14,31,058	1.28%	14,31,058	1.28%	0.00%
3	B I Patel-HUF (Bhanubhai Patel-Karta)	2,27,490	0.20%	2,27,490	0.20%	0.00%
4	Taruna Patel	2,18,917	0.20%	2,18,917	0.20%	0.00%
5	Aishwarya P. Patel	5,220	0.00%	5,220	0.00%	0.00%
6	Akansha P. Patel	6,18,470	0.55%	6,18,470	0.55%	0.00%
7	Emtici Engineering Limited*	-	0.00%	2,63,37,818	23.47%	-23.47%
8	Prayas Engineering Limited*	-	0.00%	1,22,30,414	10.90%	-10.90%
9	K B Investments Private Limited*	97,40,418	8.68%	97,11,418	8.66%	0.03%
10	Bipra Investments & Trusts Private Limited*#	-	0.00%	72,86,197	6.49%	-6.49%
11	Elecon Information Technology Limited*	-	0.00%	28,68,481	2.56%	-2.56%
12	Akaaish Mechatronics Limited*	-	0.00%	19,19,849	1.71%	-1.71%
13	Devkishan Investments Private Limited*#	-	0.00%	12,90,814	1.15%	-1.15%
14	Speciality Woodpack Private Limited*	-	0.00%	1,84,332	0.16%	-0.16%
15	Wizard Fincap Limited*	-	0.00%	1,84,332	0.16%	-0.16%
16	Power Build Private Limited	15,960	0.01%	15,960	0.01%	0.00%
17	Aakaaish Investments Private Limited*	5,23,02,237	46.62%	-	0.00%	46.62%
18	Lotus Trust$	-	0.00%	-	0.00%	0.00%
	TOTAL holding of Promoters and Promoter Group	**6,65,22,702**	**59.29%**	**6,64,93,702**	**59.26%**	

Notes:-

*# Refer note (a) and (b) of Note No. 16.3 of Notes to Holding Company's Financial Statements.

$ Ultimate beneficiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

17. Other Equity

17.1 Other reserves

(₹ in Lakhs)

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, 2021	**44,324.14**	**2,500.00**	**2,878.14**	**246.93**	**38,466.92**	**1,264.70**	**89,680.83**
Profit for the year	-	-	-	-	14,049.25	-	14,049.25
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	(197.59)	-	(197.59)
Foreign currency translation	-	-	-	-	-	(303.92)	(303.92)
Balance available for appropriation	**44,324.14**	**2,500.00**	**2,878.14**	**246.93**	**52,318.58**	**960.78**	**1,03,228.57**
Less : Appropriations							
Dividend paid	-	-	-	-	(448.80)	-	(448.80)
Transfer to retained earnings (on redemption of debentures during the year)	-	(2,500.00)	-	-	2,500.00	-	-
As at March 31, 2022	**44,324.14**	**-**	**2,878.14**	**246.93**	**54,369.79**	**960.78**	**1,02,779.78**
Profit for the year	-	-	-	-	23,749.35	-	23,749.35
Remeasurements of post-employment benefit obligation, (net of tax) accounted through other comprehensive income	-	-	-	-	75.32	-	75.32
Foreign currency translation	-	-	-	-	-	633.29	633.29
Balance available for appropriation	**44,324.14**	**-**	**2,878.14**	**246.93**	**78,194.46**	**1,594.07**	**1,27,237.74**
Less : Appropriations							
Dividend paid	-	-	-	-	(1,570.80)	-	(1,570.80)
As at March 31, 2023	**44,324.14**	**-**	**2,878.14**	**246.93**	**76,623.67**	**1,594.07**	**1,25,666.95**

17.2 Dividend distribution made and proposed

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Dividend on equity shares declared and paid		
Final dividend for year ended March 31, 2022: INR 1.40 per share (March 31, 2021: INR 0.40 per share)	1,570.80	448.80
	1,570.80	**448.80**
Proposed dividend on Equity shares		
Final dividend proposed for the year ended March 31, 2023: INR 2.00 per share (March 31, 2022: INR 1.40 per share)	**2,244.00**	**1,570.80**
	2,244.00	**1,570.80**

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, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

as at 31st March, 2023

17.3 Description of Reserves

General Reserve

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Debenture Redemption Reserve

The Holding Company had created Debenture Redemption Reserve out of the profits of the Company @ 25% of non-convertible redeemable debentures. On redemption of debentures during the year the said Reserve has been transferred to Retained Earnings.

Securities Premium

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

Capital Reserve

Capital reserve is recorded in bargain purchase transaction of business combination in which the fair value of acquired net assets exceeded the purchase consideration. Capital reserve is not available for dividend distribution.

Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

Exchange difference on translation

Exchange differences arising on translation of assets, liabilities, income and expenses of the Group's foreign subsidiaries and associates are recognised in other comprehensive income and accumulated separately in foreign currency translation reserve. The amounts recognised are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries and associates.

18. Borrowings

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Non-current borrowings		
Secured		
From Non Banking Financial Company (Refer note 18.1 (a) and 18.1 (b))	-	1,976.23
	-	**1,976.23**
Less : Accrued interest	-	9.94
Total non-current borrowings	**-**	**1,966.29**
Current borrowings		
Secured		
Working capital loan		
From bank (Refer note 18.2 (a) and 18.2 (b))	0.98	8,066.10
	0.98	**8,066.10**
Less : Accrued interest	0.98	30.64
Total current borrowings	**-**	**8,035.46**
Total borrowings	**-**	**10,001.75**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

18. Borrowings (Contd...)

18.1 Nature of Securities For Term Loans

a) Term Loans from financial institution - Loan from Bajaj Finance Limited is secured by way of:-
   1. Exclusive charge by way of hypothecation on specific plant and machineries.
   2. Exclusive mortgage to be executed of commercial property of Emtici Engineering Limited (EEL), Related party located at office No. 21, Yashwant Apartment, Pune - 411004 and Corporate Guarantee of Emtici Engineering Limited to the extent of INR 3,500 Lakhs.
   3. Pledge of 75 Lakh shares of the Company owned by EEL.
   4. Debt Serice Reserve Account of Rs. 80 Lakhs in form of Fixed Deposit.

b) Rate of Interests for loans from banks and financial institutions

Name of the Bank	**Interest Rate %**	
	March 31, 2023	**March 31, 2022**
IFCI Limited	-	12.00%
Bajaj Finance Limited	9.15%	8.75%
Bank of Baroda, London	-	4.00%

18.2 Terms of repayment of non-convertible redeemable debentures, term loans and other loans

a) Term loans*

Ledger	**March 31, 2023**	**March 31, 2022**	**Terms of Repayment**
(i) Bajaj Finance Limited	-	2,592.50	Repayable in 20 quarterly instalments amounting to INR 152.50 Lakhs
	-	**2,592.50**	

During the F.Y. 2021-22, the Holding Company had prepaid its Non-Convertible Debentures (Series I and II) from internal accruals.

During the F.Y. 2021-22, the Group had prepaid its term loans and working capital loans from Bank of Baroda, from internal accruals.

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, 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) 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 and 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 and future.
   b) Extension of first pari passu mortgage / hypothecation charge over property, plant and equipment (movable and immovable) present and future, excluding certain assets specifically / exclusively charged to other banks/ financial institutions.
   c) Registered mortgage on first pari passu basis of land bearing Survey No.365 and 366 in the name of Prayas Engineering Limited (PEL) a related party.
   d) Pledge of 200,000 shares of Eimco Elecon (India) Limited, an associate company held by the company.
   e) Undertaking for non disposal of various land parcels of the company as per loan sanction letter.
   f) Corporate guarantees of PEL and EEL to the extent of INR 96,450 Lakhs respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

b) Nature of Securities {(a) Loans repayable on demand} (Contd...)

g) Rate of Interest for Loan from banks

Name of the Bank	Interest Rate %	
	March 31, 2023	March 31, 2022
State Bank of India	7.80% to 9.50%	5.75% to 9.50%
Bank of Baroda	7.85% to 9.65%	9.35% to 9.65%
IDBI Bank Ltd.	8.00% to 8.75%	6.40% to 10.30%
Axis Bank Ltd.	1.47% to 9.75%	0.92% to 10.25%
HDFC Bank Ltd.	6.75% to 7.50%	6.75% to 9.90%
Bank of Baroda, London	-	4.25%

19. Lease Liabilities

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Current	Non-current	Current	Non-current
Lease liabilites (Refer note 45)	688.53	4,039.21	682.79	2,811.97
Other financing arrangements (for equipments)	429.85	-	1,193.27	429.85
Total lease liabilities	**1,118.38**	**4,039.21**	**1,876.06**	**3,241.82**
Non-current			4,039.21	3,241.82
Current			1,118.38	1,876.06
Total			**5,157.59**	**5,117.88**

- *Nature of Securities and other terms for other financing arrangements :*

1. Repayable in equated monthly installment of INR 110.11 lakhs starting from August 2019 over a period of 4 years @11.77% rate of interest and for balance 4 years repayable in equated monthly installment of INR 0.001 lakhs.
2. Secured by way of an unconditional and irrevocable bank guarantee of INR 1,152.94 lakhs expiring on August 31,2023.

20. Non-current provisions

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits (Refer note 41)		
- Provision for gratuity and pension *	2,415.40	3,977.12
- Provision for compensated absences	35.97	84.55
Other Provisions		
- Provision for warranty	834.00	828.00
Total non-current provisions	**3,285.37**	**4,889.67**

* Corporate Guarantee by Intermediate Holding Company is provided against a pension liability of INR 2,375 lakhs (March 31, 2022 - INR 3,597 lakhs), issued to Swedish Pension Authority.

21. Other non-current liabilities

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Deferred revenue		
- EPCG Obligation	76.22	-
Total non-current provisions	**76.22**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

22. Trade payables

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Total outstanding dues of micro and small enterprises	4,983.61	3,092.46
Total outstanding dues of creditors other than micro and small enterprises	16,364.04	23,945.58
Total trade payables	**21,347.65**	**27,038.04**
Dues to related parties (Refer note 40)	2,126.76	2,069.46
Dues to third parties	19,220.89	24,968.58
	21,347.65	**27,038.04**

Includes retention money payable to creditors amounting to INR 307.82 lakhs (March 31, 2022 - INR 381.86 lakhs).

(i) For the year ending 31st March, 2023.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3,558.08	1,341.07	17.80	33.70	73.74	**5,024.39**
(ii) Others	13,790.44	2,407.17	30.31	28.33	66.64	**16,322.89**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	0.09	-	-	0.28	**0.37**
Total	**17,348.52**	**3,748.33**	**48.11**	**62.03**	**140.66**	**21,347.65**

(ii) For the year ending March 31, 2022.

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	2,875.13	64.33	39.93	107.03	6.05	**3,092.47**
(ii) Others	18,152.12	5,206.55	312.24	186.00	36.78	**23,893.69**
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	51.88	**51.88**
Total	**21,027.25**	**5,270.88**	**352.17**	**293.03**	**94.71**	**27,038.04**

23. Other financial liabilities - Current

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Interest accrued but not due on borrowings	0.98	40.58
Security deposits	175.84	151.23
Unpaid dividends*	55.33	61.51
Liability on account of forex derivative	-	0.16
Billing in excess of revenue - Contract liability	367.87	554.98
Total other financial liabilities	**600.02**	**808.46**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
as at 31st March, 2023

24. Other current liabilities

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Advance from customers	8,756.25	11,008.35
Statutory dues	1,561.36	808.04
Total other current liabilities	**10,317.61**	**11,816.39**

25. Current provisions

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits (Refer note 41)		
- Provision for gratuity	-	66.74
- Provision for compensated absences	61.58	82.11
Other Provisions		
- Provision for contract liabilities	141.66	1,336.84
- Provision for warranty	1,063.03	750.29
- Provision for onerous contracts	72.74	93.46
Total provisions	**1,339.01**	**2,329.44**

Movement in Provisions

(₹ in Lakhs)

Particulars	Provision for contract liabilities	Provision for warranty	Provision for onerous contracts
Carrying amount as at April 1 2021	1,810.93	669.45	191.55
Provision made / increase in provision	-	1,578.29	934.50
Provision amount used during the year	(474.09)	(669.45)	(1,032.59)
Carrying amount as at March 31 2022	**1,336.84**	**1,578.29**	**93.46**
Provision made / increase in provision	-	1,897.03	-
Provision amount used during the year	(1,195.18)	(1,578.29)	(20.72)
Carrying amount as at March 31 2023	**141.66**	**1,897.03**	**72.74**

Refer 2.6 of significant accounting policies.

Provision for contract liabilities - It includes provision for possible levy of liquidated damages and other estimated costs expected to be incurred by the Group on account of potential delays in meeting the contractual obligations of the Group with regard to agreed deliveries/commissioning.

Provision for warranty - A provision for warranties relates mainly to standard warranty on sale of the products manufactured by the Company. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. The timing of the outflows is expected to be within a period of one year from the date of balance sheet.

Provision for onerous contracts - The Group has entered into various contracts primarily into material handling. Provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. The movement of provision for onerous contracts is recognised in cost of material consumed (Refer note 29)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd…)
for the year ended 31st March, 2023

26. Current tax liabilities (net)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provision for tax (net of taxes paid in advance)	527.11	2,047.76
Total current tax liabilities (net)	**527.11**	**2,047.76**

27. Revenue from operations

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Sale of products (Refer note 44)		
Transmission equipment sales		
Local	1,09,453.71	88,750.83
Export sales	17,489.74	16,340.40
Material handling equipment		
Local	20,138.78	12,328.02
Export sales	47.84	91.26
	1,47,130.07	**1,17,510.51**
Sale of services		
Erection, commissioning and service charges	3,006.62	1,781.66
	3,006.62	**1,781.66**
Other operating revenue		
Sale of scrap	1,389.27	875.65
Income from generation of electricity from renewable sources	1,108.18	839.20
Export incentives	321.77	124.86
Others	12.30	62.70
	2,831.52	**1,902.41**
Total revenue from operations	**1,52,968.21**	**1,21,194.58**

28. Other income

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Interest income		
- on deposits *	366.99	157.94
- on income tax	177.46	-
- on others	64.40	25.56
Dividend income	56.00	0.02
Foreign exchange gain (net)	432.93	-
Gain on fair valuation of investments	55.86	-
Lease income	256.18	268.00
Liabilities no longer payable written-back	526.81	92.52
Bad debts previously written off, now recovered / advance written back	-	264.76
Insurance claims	10.63	6.07
Miscellaneous income	58.65	41.32
Total other income	**2,005.91**	**856.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

29. Cost of materials consumed

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Inventory at the beginning of the year	9,149.50	11,146.83
Add : Purchases during the year	72,933.23	58,746.20
	82,082.73	69,893.03
Less : Inventory at the end of the year	10,146.40	9,149.50
Total cost of material consumed	**71,936.33**	**60,743.53**

Note :

The above incudes :

a. INR 728.05 Lakhs being the Input credit of GST for earlier years for which provision is made in view of uncertainity of its claim.

b. INR 695.00 Lakhs settled and paid to vendors during the current period.

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

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
(Increase) / decrease in inventories		
Opening work-in-progress	9,212.58	6,366.85
Closing work-in-progress	(6,954.99)	(9,212.58)
Exchange difference	(2.34)	0.36
	2,255.25	**(2,845.37)**
Opening finished goods (including goods in transit)	6,960.65	6,209.65
Closing finished goods (including goods in transit)	(9,629.12)	(6,960.65)
Exchange difference	(87.82)	23.26
	(2,756.29)	**(727.74)**
Total changes in inventories of finished goods and work-in-progress	**(501.04)**	**(3,573.11)**

31. Manufacturing expense and erection charges

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Stores, tools and spares consumed	3,317.68	2,094.95
Sub-contracting charges	3,386.15	3,080.82
Power and fuel (net)	2,209.83	1,641.35
Erection and other charges	893.88	961.33
Other manufacturing expenses	2,329.48	1,176.66
Total manufacturing expense and erection charges	**12,137.02**	**8,955.11**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

32. Employee benefits expense

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Salaries, wages and bonus	12,486.38	10,291.61
Contribution to provident fund and other funds (Refer note 41)	399.50	867.82
Employee welfare expenses	2,087.37	1,808.50
Government grants (Refer note 46)	-	(149.21)
Total employee benefits expense	**14,973.25**	**12,818.72**

33. Finance costs

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Interest expenses		
Interest on term loans	55.66	319.44
Interest on non-convertible redeemable debentures	-	956.00
Interest on working capital	204.09	1,225.84
Interest - others (including interest on leases)	523.88	574.66
Other borrowing costs (including guarantee charges)	547.59	658.17
Total finance costs	**1,331.22**	**3,734.12**

* Interest expense are calculated under the Effective Interest Method which is measured at amortized cost.

34. Other expenses

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Rent (Refer note 45)	1,991.40	1,423.02
Computer software maintainence charges	1,506.07	1,157.27
Rates and taxes	341.11	680.55
Duties & Fees	112.70	81.98
Repairs and maintenance :		
- Building	437.53	163.30
- Machinery	2,344.10	1,740.66
- Others	48.09	26.64
Insurance expense	388.92	329.97
Travelling, conveyance and communication expenses	993.10	450.94
Directors sitting fees	14.96	14.85
Commission to non-executive directors	60.00	42.00
Packing, forwarding and distribution expenses (net of recoveries)	3,255.68	2,881.74
Loss on fair valuation of investments (net)	0.25	11.72
Liquidated Damages	-	2.88
Commission and brokerage	3,843.79	3,504.84
Warranty claims	681.91	1,090.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

34. Other expenses (Contd...)

(₹ in Lakhs)

Particulars		Year Ended March 31, 2023		Year Ended March 31, 2022
Bad debt written off	1,376.80		2,125.18	
Provision on doubtful debt written back (Refer note 13)	(606.44)		(741.03)	
		770.36		1,384.15
Advertisements and business promotion expenses		444.32		79.02
Payment to auditors (Refer note 35)*		90.69		118.68
Donations		-		0.75
Expenditure on corporate social responsibility		110.00		129.65
Legal and professional fees		914.68		853.70
Bank charges		45.87		75.57
Loss on sold/discarded property, plant and equipments (Net)		159.47		461.60
Business support services		523.28		236.64
Miscellaneous expenses		1,273.23		549.40
Loss on derivative financial instruments (Net)		183.61		0.16
Loss on Foreign currency transactions (Net)		-		114.41
Total		**20,535.12**		**17,606.35**

(i) Research and development expenditure accounted through Consolidated Statement of Profit and Loss aggregates INR 302.65 lakhs (March 31, 2022: INR 245.70 lakhs).

35. Payment to auditors

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
(a) As auditors-audit fees*	76.34	98.64
(b) For other services (limited review, certification etc.)	12.90	18.15
(c) Out of pocket expenses	1.45	1.89
Total payment to auditors	**90.69**	**118.68**

* Includes audit fees paid to auditors of the respective subsidiary companies and INR 14.24 lakhs paid during the year ended March 31, 2022.

36. Earnings per share

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
a) Profit attributable to equity shareholders of the Group (INR in Lakhs)	23,749.35	14,049.25
b) Weighted average number of equity shares outstanding during the year *	11,21,99,965	11,21,99,965
c) Earning per share (Basic and Diluted)	21.17	12.52
d) Face value per share	2.00	2.00

* Outstanding number of shares as at the opening and closing balance are same.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

37. Tax expenses

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are : (₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Statement of Profit and Loss		
Current tax		
Current tax	6,691.82	3,057.15
Adjustment of tax relating to earlier periods	(342.61)	123.37
Deferred tax	(115.77)	(177.13)
Income tax expense reported in the Statement of Profit and Loss	**6,233.44**	**3,003.39**
Other comprehensive income		
Deferred tax charge / (credit) on remeasurements losses of defined benefit plans	(22.21)	(76.93)
Income tax expense reported in the Statement of Profit and Loss	**6,211.23**	**2,926.46**

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2023 and March 31, 2022

A) Current tax

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Accounting profit before tax from continuing operations	29,982.79	17,052.64
Income tax rate of Company's domestic tax rate	25.168%	25.168%
Tax using Company's domestic tax rate	7,546.07	4,291.81
Tax effects of :		
Tax exempt income	(26.12)	20.75
Deduction claimed from property rent income	(12.82)	(11.96)
Share of profit from associate	(81.67)	(36.30)
Other non-deductible expenses (net)	29.06	(5.36)
Adjustment of tax expense relating to earlier periods	(342.61)	123.37
Different tax rates of foreign subsidiaries	(565.00)	(50.41)
Effect of Deferred Tax liability on loss	-	(90.83)
Reversal of deferred liablity on long term capital loss (not in business income)	-	(18.70)
Income tax expense of earlier years	18.00	123.37
Effect of difference of Deferred Tax liability on Written Down Value	-	(437.53)
Reversal of deferred liablity on indexation of land (Refer note (i) below)	(37.59)	(8.66)
Past losses utilised	(462.00)	(461.92)
Goodwill amortization allowable under UK GAAP. GBP 222,639 @ 19%	(42.00)	(42.81)
Group intercompany eliminations (profit in inventory)	172.30	(48.78)
Current year tax losses on which no deferred tax was recognised	13.00	(462.92)
Others	2.61	43.33
	(1,334.84)	**(1,365.35)**
Income tax expense	**6,211.23**	**2,926.46**

(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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

37. Tax expenses (Contd...)

B) Deferred tax

(₹ in Lakhs)

Particulars	Balance as on April 1, 2021	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2022	Accounted through Statement of Profit and loss and OCI	Balance as on March 31, 2023
Depreciation for tax purposes	(3,825.71)	955.02	(2,870.69)	367.72	(2,502.97)
Deferred Tax on Indexation of Land	(788.70)	9.22	(779.48)	37.59	(741.88)
Deferred tax on fair value of investments	(0.20)	(1.79)	(1.99)	(10.99)	(12.98)
Provision for bad and doubtful debts (including allowance for Expected Credit Losses)	463.59	(186.52)	277.08	170.30	447.38
Provision for pension liability	256.67	(110.50)	146.17	62.67	208.84
Expenditure allowable on payment basis	58.82	(116.89)	(58.07)	3.58	(54.49)
Expenditure allowable on realised basis	48.22	(24.69)	23.53	(5.22)	18.31
Deferred tax on unabsorbed depreciation	209.06	(209.07)	(0.01)	-	(0.01)
Reversal of deferred liablity on long term capital loss (not in business income)	-	18.70	18.70	(11.70)	7.00
Deferred tax on other financing arrangement	770.71	(154.54)	616.17	(506.00)	110.17
Deferred tax expense/(income) accounted through Other Comprehensive Income	239.30	75.12	314.42	30.04	344.46
Exchange difference directly recognised in equity	45.61	(119.20)	(73.60)	(176.85)	(250.45)
Total deferred tax (expense) / income	**-**	**134.87**	**-**	**(38.86)**	**-**
Net deferred tax assets/(liabilities)	**(2,522.62)**	**-**	**(2,387.77)**	**-**	**(2,426.64)**
Reflected in the balance sheet are as follows:					
Deferred tax assets	501.73		384.27		208.84
Deferred tax liabilities	(3,024.35)		(2,772.04)		(2,635.48)
Deferred tax liabilities (net)	**(2,522.62)**		**(2,387.77)**		**(2,426.64)**

(₹ in Lakhs)

Reconciliation of deferred tax assets / (liabilities), net	March 31, 2023	March 31, 2022
Balance at the beginning of the year	(2,387.77)	(2,522.62)
Tax income/(expense) during the period recognised in profit or loss	115.77	177.13
Tax income/(expense) during the period recognised in OCI	22.21	76.93
Exchange difference directly recognised in equity	(176.85)	(119.20)
Balance at the end of the year	**(2,426.64)**	**(2,387.77)**

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

Unused tax losses on which no deferred tax asset is recognised

The subsidiaries have the following unused tax losses which arose on incurrence of business losses under the Income tax for which no deferred tax asset have been recognized in the balance sheet. The losses can be carried forward for a period of 20 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

37. Tax expenses (Contd...)

(₹ in Lakhs)

Financial year	March 31, 2023
2011-12	2,659.51
2012-13	339.66
2013-14	1,256.05
2014-15	1,218.94
2015-16	-
2016-17	12.77
2017-18	2,145.88
2018-19	675.54
2019-20	-
2020-21	52.95
2021-22	283.41

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, 2023, approximately 100% of the Group's borrowings are at fixed rate (March 31, 2022 : 99%). Summary of financial assets and financial liabilities has been provided below:

Exposure to interest rate risk

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

(₹ in Lakhs)

	March 31, 2023	March 31, 2022
Fixed-rate instruments		
Financial Assets	13,592.21	2,902.29
Financial Liabilities	429.85	11,459.36
Variable-rate instruments		
Financial Assets	-	-
Financial Liabilities	-	165.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

Interest rate sensitivity

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

(₹ in Lakhs)

Particulars	Impact on Profit / (loss) after tax
March 31, 2023	
Increase in 100 basis points	0.00
Decrease in 100 basis points	(0.00)
March 31, 2022	
Increase in 100 basis points	(1.24)
Decrease in 100 basis points	1.24

Foreign currency risk

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

Exposure to Currency Risk:-

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

(₹ in Lakhs)

Particular	March 31, 2023			March 31, 2022		
	USD	GBP	EUR	USD	GBP	EUR
Financial Assets						
Trade receivables	2,296.80	578.54	2,546.68	2,064.61	961.22	2,532.17
Cash and cash equivalents	679.53	51.07	1,453.16	340.40	68.44	2,402.80
Total A	**2,976.33**	**629.61**	**3,999.84**	**2,405.01**	**1,029.66**	**4,934.97**
Financial Liabilities						
Trade payables	674.56	46.72	2,325.88	300.90	95.60	4,849.28
Borrowings	-	-	-	1,959.94	-	-
Total B	**674.56**	**46.72**	**2,325.88**	**2,260.84**	**95.60**	**4,849.28**
Total A - B	**2,301.77**	**582.89**	**1,673.96**	**144.17**	**934.06**	**85.69**

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

However, during the current year the Holding Company has hedged USD 10 Lakh from Export Receivables.

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

Rupees	Average rate		Year-end spot rate	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD 1	79.01	74.66	82.22	75.81
GBP 1	100.71	100.25	101.87	99.55
EUR 1	87.13	85.38	89.61	84.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

Foreign currency sensitivity

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

Particular	USD			GBP		
	Change in exchange rate	Profit / (loss) before tax	Equity net of tax	Change in exchange rate	Profit / (loss) before tax	Equity net of tax
March 31, 2023						
Strengthening	3.00%	69.05	44.92	3.00%	17.49	11.38
Weakening		(69.05)	(44.92)		(17.49)	(11.38)
March 31, 2022						
Strengthening	2.00%	2.88	1.88	3.00%	28.02	18.23
Weakening		(2.88)	(1.88)		(28.02)	(18.23)

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 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

Bucket	March 31, 2023	March 31, 2022
Not due*	2.89%	1.07%
0-1 year	1.81%	2.39%
1-3 years	7.50%	22.37%
Greater than 3 years	6.72%	7.97%
Expected Credit Losses rate	**4.73%**	**8.45%**
Amount of Expected credit loss provided for	**(1,081.11)**	**(1,800.83)**

* Includes provision made for long outstanding retention money.

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the 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, 2023:

- 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.

(₹ in Lakhs)

Particulars	Carrying Amount	Less than 12 Months	1-2 years	2-5 years	more than 5 Years	Total
Year ended March 31, 2023						
Financial liabilites						
Borrowings	-	0.98	-	-	-	0.98
Trade payables	21,347.65	21,347.65	-	-	-	21,347.65
Other financial liabilities	600.02	600.02	-	-	-	600.02
Lease liabilities	5,157.59	1,118.38	631.54	1,168.48	2,239.19	5,157.59
Total	**27,105.26**	**23,067.03**	**631.54**	**1,168.48**	**2,239.19**	**27,106.24**
Year ended March 31, 2022						
Financial liabilites						
Borrowings	10,001.75	13,883.94	1,572.01	1,512.78	-	16,968.73
Trade payables	27,038.04	27,038.04	-	-	-	27,038.04
Other financial liabilities	808.46	808.46	-	-	-	808.46
Lease liabilities	5,117.88	1,995.36	1,743.20	1,284.03	947.13	5,969.73
Total	**42,966.13**	**43,725.80**	**3,315.21**	**2,796.81**	**947.13**	**50,784.96**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

(d) Commodity price risk

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

(e) Capital management

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

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

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest-bearing loans and borrowings (Note 18 and 19)	429.85	11,624.87
Less: cash and cash equivalents (Note 14)	(8,234.77)	(8,436.21)
Adjusted net debt	**(7,804.92)**	**3,188.66**
Equity share capital (Note 16)	2,244.00	2,244.00
Other equity (Note 17)	1,25,666.95	1,02,779.78
Total equity	**1,27,910.95**	**1,05,023.78**
Adjusted net debt to total equity ratio	**(0.06)**	**0.03**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

39. Fair Value Measurements

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2023

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments (Footnote 1)	1,965.96	-	-	1,965.96	1,906.45	-	59.51	1,965.96
Trade receivables	-	-	34,576.65	34,576.65	-	-	-	-
Cash and cash equivalents	-	-	8,234.77	8,234.77	-	-	-	-
Other bank balance	-	-	12,802.28	12,802.28	-	-	-	-
Other financial assets	-	-	1,704.46	1,704.46	-	-	-	-
Total Financial assets	**1,965.96**	**-**	**57,318.16**	**59,284.12**	**1,906.45**	**-**	**59.51**	**1,965.96**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

39. Fair Value Measurements (Contd...)

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value			
	FVTPL	FVTOCI	Amortised cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Borrowings	-	-	0.98	0.98	-	-	0.98	0.98
Trade payables	-	-	21,347.65	21,347.65	-	-	-	-
Other financial liabilites	-	-	600.02	600.02	-	-	-	-
Lease liabilities	-	-	5,157.59	5,157.59	-	-	-	-
Total Financial liabilities	**-**	**-**	**27,106.24**	**27,106.24**	**-**	**-**	**0.98**	**0.98**

As at March 31, 2022

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 (Footnote 1)	19.02	-	-	19.02	3.47	-	15.55	19.02
Trade receivables	-	-	41,507.44	41,507.44	-	-	-	-
Cash and cash equivalents	-	-	8,436.21	8,436.21	-	-	-	-
Other bank balance	-	-	2,777.23	2,777.23	-	-	-	-
Other financial assets	-	-	6,996.65	6,996.65	-	-	-	-
Total Financial assets	**19.02**	**-**	**59,717.53**	**59,736.55**	**3.47**	**-**	**15.55**	**19.02**
Borrowings	-	-	10,001.75	10,001.75	-	-	10,001.75	10,001.75
Trade payables	-	-	27,038.04	27,038.04	-	-	-	-
Other financial liabilites			808.46	808.46				-
Lease liabilities	-	-	5,117.88	5,117.88	-	-	-	-
Total Financial liabilities	**-**	**-**	**42,966.13**	**42,966.13**	**-**	**-**	**10,001.75**	**10,001.75**

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.

Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial classified as current. Accordingly, the fair value has not been disclosed separately.

B. Measurement of fair values

i) Valuation techniques and significant unobservable inputs

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

Fair value of borrowings is computed using the market 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, 2022 INR 0.15 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

39. Fair Value Measurements (Contd...)

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

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

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

Investments in equity shares of Eimco Elecon Electricals Limited (EEEL) have been designated as FVTPL. Based on EEEL's future projections of 5 years, Discounted Cash Flow (DCF) valuation methodology has been used to determine the fair value as on March 31, 2023.

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 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, 2023	March 31, 2022
Beta for WACC	1.00	1.00
Risk free rate of return	7.00%	7.21%
Cost of equity	11.00%	12.50%
Cost of debt	Nil	Nil
WACC	11.00%	12.50%
Perpetual growth rate	4.50%	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, 2023 and March 31, 2022 is as below:

(₹ in Lakhs)

Particulars	Amount
As at March 31, 2021	**22.25**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	(6.70)
As at March 31, 2022	**15.55**
Acquisitions/ (disposals)	-
Gains/ (losses) recognised in other comprehensive income	-
Gains/ (losses) recognised in statement of profit or loss	43.96
As at March 31, 2023	**59.51**

Transfer out of Level 3

There were no movement in level 3 in either directions during the year ended March 31, 2023 and March 31, 2022.

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

2022-23		Perpetual growth rate	
		-1%	+1%
	Cost of equity	5.62	6.18
		5.19	5.47

2021-22		Perpetual growth rate	
		-1%	+1%
	Cost of equity	1.10	0.88
		2.99	1.77

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

40. Related party disclosure

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

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

a) **Ultimate Holding company :** 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	- Non-Executive Director
(iii)	Mr. Pradip M. Patel	- Director
(iv)	Mr. Jal Patel	- Independent Director (till 31 March 2022)
(v)	Mr. Jai S Diwanji	- Independent Director
(vi)	Dr. Sonal V Ambani	- Independent Director
(vii)	Mr. Pranav C. Amin	- Independent Director (w.e.f. 27 May 2021)
(viii)	Mr. Ashutosh Pednekar	- Independent Director (w.e.f. 01 July 2022)
(ix)	Mr. Narasimhan Raghunathan	- Chief Financial Officer
(x)	Mrs. Bharti L Isarani	- Company Secretary
(xi)	Mr. Rajen F. Kavani	- Director of Elecon Middle East FZCO
(xii)	Mr. Vipul B. Shah	- Director of Elecon Singapore Pte. Ltd.

e) **Relatives of Key managerial personnel**

(i) B. I. Patel HUF (Karta - Bhanubhai Patel)
(ii) Akanksha Patel
(iii) Trupti Pradip Patel
(iv) Taruna Patel
(v) Aishwarya Prayasvin Patel

f) **Entities forming part of the same group (with whom transaction undertaken during the year or previous year)**

(i) Prayas Engineering Limited
(ii) K. B. Investments Private Limited
(iii) Elecon Information Technology Limited
(iv) Tech Elecon Private Limited
(v) Emtici Engineering Limited
(vi) Devkishan Investment Private 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

(xvi) Darshan Chemicals
(xvii) United Marketing Company
(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
(xxiv) Emtici Marketing LLP
(xxv) Modsonic Instruments Manufacturing Company Private Limited
(xxvi) B.I. Patel Charitable Trust
(xxvii) I.B. Patel Charitable Trust
(xxviii) Bipra Investments And Trusts Private Limited
(xxix)) Desai & Diwanji

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. (₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remuneration		11,624.87
- Mr. Prayasvin B. Patel	1,214.89	614.47
- Mr. Narasimhan Raghunathan	49.92	42.74
- Mrs. Bharti Isarani	19.68	16.64
Commission and sitting fees to Independent directors	74.96	56.85
Remuneration to directors *		
- Mr. Rajen F. Kavani	82.65	63.72
- Mr. Vipul B. Shah	124.19	113.54
Total compensation paid to key management personnel	**1,566.29**	**907.97**

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

* Key Managerial Personnel who are under the employment of the overseas subsidiaires are entitled to post employment benefits and other long term employee benefits recognised as per the laws of the respective countries and hence the same are not included above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

40. Related party disclosure (Contd...)

(₹ in Lakhs)

Particulars	Associates		Key Managerial Personnel		Relatives of Key managerial personnel		Entities forming part of the same Group		Employement benefit plans		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Income:												
Sale of goods and rendering of services	513.42	307.99	-	-	-	-	1,597.50	1,984.44	-	-	2,110.92	2,292.42
Sale of scrap	-	-	-	-	-	-	28.83	5.96	-	-	28.83	5.96
Sales of plant and equipment	-	29.40	-	-	-	-		7.56	-	-	-	36.96
Commission income	-	-	-	-	-	-	12.30	36.39	-	-	12.30	36.39
Dividend income	-	-	-	-	-	-	56.00	-	-	-	56.00	-
Reimbursement of Expense	18.81	3.11	-	-	-	-	143.12	150.07	-	-	161.93	153.18
Rent Income	14.92	12.45	-	-	-	-	146.02	139.43	-	-	160.94	151.88
Expense:												
Purchase of goods and availment of services	75.28	58.63	-	-	-	-	14,918.62	12,262.37	-	-	14,993.90	12,321.00
Purchase of plant and equipment	-	-	-	-	-	-	402.18	111.91	-	-	402.18	111.91
Remuneration expense	-	-	1,566.29	907.97	-	-		-	-	-	1,566.29	907.97
Repairs & Maintenance Charges	1.40	-	-	-	-	-	1,780.89	1,179.70	-	-	1,782.29	1,179.70
Software Service Charges	-	-	-	-	-	-	764.22	479.11	-	-	764.22	479.11
Miscellaneous Expense	1.32	23.50	-	-	-	-	1,159.04	656.82	-	-	1,160.36	680.32
Rent Expense	3.57	3.58	55.48	-	-	-	1,315.94	1,315.54	-	-	1,374.99	1,319.12
Commission expense on Sales	-	-	-	-	-	-		20.96	-	-	-	20.96
Interest expenses	-	-	-	-	-	-	-	3.52	-	-	-	3.52
Dividend paid	-	-	27.92	8.29	35.01	9.93	866.57	247.90	-	-	929.50	266.12
Contribution made to post employment defined plans trust	-	-	-	-	-	-	-	-	314.19	416.62	314.19	416.62
Contribution made towards CSR activities	-	-	-	-	-	-	110.00	129.65	-	-	110.00	129.65
Other Transactions:												
Loans repaid during the year	-	-	-	-	-	-	-	-	-	-	-	-
Donation Paid	-	-	-	-	-	-	-	0.75	-	-	-	0.75
Outstanding balances:												
Assets:												
Trade receivables	54.41	83.29	-	-	-	-	219.42	400.83	-	-	273.83	484.12
Loan receivable	-	-	-	-	-	-	-	-	-	-	-	-
Advance given	-	-	-	-	-	-	123.33	-	-	-	123.33	-
Liabilities:												
Trade payables	12.60	0.69	-	-	-	-	2,114.16	2,068.77	-	-	2,126.76	2,069.46
Advance received	-	-	-	-	-	-	-	-	-	-	-	-
Gauarantees:												
Guarantee taken	-	-	-	-	-	-	1,92,900.00	1,96,400.00	-	-	1,92,900.00	1,96,400.00
Guarantee given	-	-	-	-	-	-	-	-	-	-	-	-

Note:-

All the above expenses reported here are net off GST.

The Company had written off Investments and loans outstanding from the 3 associates namely Elecon Australia Pty. Limited, Elecon Africa Pty. Limited and Elecon Engineering (Suzhou) Co. Limited in the financial year 2011-2012 amounting to INR 1,071.30 lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

41. Disclosure pursuant to employee benefits

A. Defined contribution plans:

Amount of INR 399.50 lakhs (March 31, 2022: INR 867.82 Lakhs) is recognised as expenses and included in note no. 32 “Employee benefits expense”

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provident Fund and Pension	396.99	860.19
Superannuation Fund	2.51	7.63
	399.50	**867.82**

B. Defined benefit plans:

The Group has the 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

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

March 31, 2023 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2022	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, 2023
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 32)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity													
Defined benefit obligation	1,136.07	80.54	78.28	158.82	5.04	(104.72)	-	-	(17.78)	93.48	75.70	-	1,270.91
Fair value of plan assets	(1,069.33)	-	(73.68)	(73.68)	-	3.59	8.30	-	-	-	8.30	(155.73)	(1,286.85)
Benefit liability/(asset)	**66.74**	**80.54**	**4.60**	**85.14**	**5.04**	**(101.13)**	**8.30**	**-**	**(17.78)**	**93.48**	**84.00**	**(155.73)**	**(15.94)**
Pension, gratuity and medical plan													
Defined benefit obligation	3,977.12	-	73.35	73.35	133.44	(1,113.47)	-	-	(462.50)	(203.75)	(666.25)	11.21	2,415.40
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**3,977.12**	**-**	**73.35**	**73.35**	**133.44**	**(1,113.47)**	**-**	**-**	**(462.50)**	**(203.75)**	**(666.25)**	**11.21**	**2,415.40**
Total benefit liability	**4,043.86**	**80.54**	**77.95**	**158.49**	**138.48**	**(1,214.60)**	**8.30**	**-**	**(480.28)**	**(110.27)**	**(582.25)**	**(144.52)**	**2,399.46**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

March 31, 2022 : Changes in defined benefit obligation and plan assets

(₹ in Lakhs)

	April 1, 2021	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, 2022
		Service cost	Net interest expense	Sub-total included in statement of Profit and Loss (Note 32)			Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Gratuity													
Defined benefit obligation	931.25	59.88	60.44	120.32	(5.00)	(251.95)	-	-	108.12	233.33	341.45	-	1,136.07
Fair value of plan assets	(907.46)	-	(58.89)	(58.89)	29.53	251.95	18.46	-	-	-	18.46	(402.92)	(1,069.33)
Benefit liability/(asset)	**23.79**	**59.88**	**1.55**	**61.43**	**24.53**	**-**	**18.46**	**-**	**108.12**	**233.33**	**359.91**	**(402.92)**	**66.74**
Pension, gratuity and medical plan													
Defined benefit obligation	5,130.32	-	(69.69)	(69.69)	40.43	(1,038.33)	-	-	(153.31)	(17.92)	(171.23)	85.62	3,977.12
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	**5,130.32**	**-**	**(69.69)**	**(69.69)**	**40.43**	**(1,038.33)**	**-**	**-**	**(153.31)**	**(17.92)**	**(171.23)**	**85.62**	**3,977.12**
Total benefit liability	**5,154.11**	**59.88**	**(68.14)**	**(8.26)**	**64.96**	**(1,038.33)**	**18.46**	**-**	**(45.19)**	**215.41**	**188.68**	**(317.30)**	**4,043.86**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Insurance Fund for gratuity (%) of total plan assets	100%	100%

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

a) **For Gratuity (for Indian entities)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	7.57%	6.89%
Future salary increase		
For the next 1st year	8.50%	8.00%
For the next 1st year, starting from 2nd year	8.50%	8.00%
Starting from 3rd year	8.50%	8.00%
Expected rate of return on plan assets	7.57%	6.89%
Employee turnover rate	6.00%	6.00%
Mortality rate during employment	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

b) **For Pension (for overseas entities)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	4.20%	2.10%
Future salary increase	0.00%	0.00%

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

a) **For Gratuity (for Indian entities)**

(₹ in Lakhs)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	1% increase	(81.14)	(73.85)
	1% decrease	92.60	84.49
Salary Increase	1% increase	87.05	80.81
	1% decrease	(78.39)	(73.09)

b) **For Pension (for overseas entities)**

(₹ in Lakhs)

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	0.50% increase	(137.94)	(336.88)
	0.50% decrease	156.31	384.91
Salary Increase	0.50% increase	158.00	379.13
	0.50% decrease	(140.41)	(335.27)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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

(b) **Leave obligations -Unfunded**

The acturial Liability towards leave obligations as at March 31, 2023 is INR 97.54 Lakhs (March 31, 2022 is INR 166.66 Lakhs). Current year charge is included in Employee benefit expense (refer note 32).

(c) **Effect of Plan on Entity's Future Cash Flows**

(i) **Funding arrangements and Funding Policy**

The Holding Company has 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 entities):**

The Company's best estimate of contribution during the next year is INR 89.76 Lakhs (March 31 2022 : INR 85.14 Lakhs).

(a) **Expected cash flows over the next (valued on undiscounted basis) for Gratuity (for Indian entities):**

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1 year	170.89	143.68
2 to 5 years	461.93	431.27
6 to 10 years	490.66	427.64
More than 10 years	1,348.61	1,079.87

(iv) **Expected Contibution during the next annual reporting period for Pension (for overseas entities):**

The Company's best estimate of contribution during the next year is INR 63.11 Lakhs (March 31 2022 : INR 74.99 Lakhs).

(v) **Maturity profile of Defined Benefit Obligations for Pension (for overseas entities):**

Weighted average duration (based on discounted cash flows) - 21 years

(a) **Expected cash flows over the next (valued on undiscounted basis) for Pension (for overseas entities):**

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1 year	-	52.15
2 to 5 years	6.06	231.90
6 to 10 years	270.55	472.77
More than 10 years	3,516.88	4,888.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

42. Contigent liabilities and commitments

(₹ in Lakhs)

Particulars		March 31, 2023	March 31, 2022
(a)	**Contingent liabilities:**		
	Claims against the Holding Company not acknowledged as debt *		
(i)	Disputed with Excise and Service tax authority [FY 22-23 : Amount deposited : 342.22 Lakhs, Net 5,743.45 Lakhs] [FY 21-22 : Amount deposited : 250.88 Lakhs, Net 5,943.29 Lakhs]	6,085.67	6,194.17
(ii)	Disputed with Sales tax authority [FY 22-23 : Amount deposited : 9.75 Lakhs , Net 337.30 Lakhs] [FY 21-22 : Amount deposited : 9.75 Lakhs , Net 337.30 Lakhs]	347.05	347.05
(iii)	Disputed with GST tax Authority [FY 22-23 : Amount deposited : 0.48 Lakhs, Net 8.79 Lakhs] [FY 21-22 : Amount deposited : Nil, Net Nil]	9.27	-
(iv)	Disputed with Income Tax Authority [FY 22-23 : Amount deposited : 1,174.13 Lakhs, Net 2,875.47 Lakhs] [FY 21-22 : Amount deposited : 2,158.89 Lakhs , Net 3,733.80 Lakhs]	4,049.60	5,892.69
(v)	Sales bills discounted under letter of credit with Banks	244.39	165.28
(vi)	Arbitration Proceedings of K.B. Mehta against the Company under direction of the Honourable Gujarat High Court.	-	172.32
Guarantees			
(i)	Guarantee with customs for import of goods for AB Benzlers (Sweden) SEK 400,000 (March 2022 : SEK 400,000)	31.66	32.78
	* 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)	4,334.98	493.42

43. Segment reporting

Basis for segmentation

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

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman & Managing Director reviews internal Group management reports periodically. The CMD is designated as the Chief Operating Decision Maker (CODM).

Reportable segment	Description of products/services
Transmission equipment	Manufacturing of material transmission equipments like gearboxes, couplings and elevator traction machines.
Material handling equipment	The segment is 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

Information about reportable segments

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

(₹ in Lakhs)

Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
Segment revenue from operations:			
(a)	Transmission equipment	1,31,343.32	1,07,569.59
(b)	Material handling equipment	21,624.89	13,624.99
Total segment revenue from operations		**1,52,968.21**	**1,21,194.58**
Segment profit/(loss) before tax & interest			
(a)	Transmission equipment	28,841.35	21,129.82
(b)	Material handling equipment	3,229.63	(87.89)
Net segment profit before tax & interest		**32,070.98**	**21,041.93**
Reconciliation of segment profit with profit before tax			
i)	Finance cost	1,331.22	3,734.12
ii)	Other unallocated corporate expenses net off	1,620.60	679.15
iii)	Unallocable income	(863.63)	(423.98)
Profit before tax as per statement of profit and loss		**29,982.79**	**17,052.64**

(₹ in Lakhs)

Other information

Particulars		Year Ended March 31, 2023	Year Ended March 31, 2022
Segment assets			
(a)	Transmission Equipment	1,47,782.09	1,37,053.60
(b)	Material Handling Equipment	18,974.91	28,818.77
Total segment assets		**1,66,757.00**	**1,65,872.37**
(c)	Unallocable	6,440.01	5,972.84
Total assets		**1,73,197.01**	**1,71,845.21**
Segment liabilities			
(a)	Transmission Equipment	34,280.11	49,712.35
(b)	Material Handling Equipment	6,448.48	11,675.99
Total segment liabilities		**40,728.59**	**61,388.34**
(c)	Unallocable	4,557.47	5,433.09
Total liabiities		**45,286.05**	**66,821.42**

Geograhical information

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Segment revenue from external customers		
India	1,08,811.31	79,640.68
Outside India	44,156.90	41,553.90
Total segment revenue	**1,52,968.21**	**1,21,194.58**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

(₹ in Lakhs)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
Non-current assets		
India	69,557.21	67,820.88
Outside India	14,876.86	15,371.51
Total non-current assets	**84,434.08**	**83,192.39**

There is no single external customer which exceeds 10% of the Group's revenue.

44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:-

a) **Disaggregation of revenue**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from long-term construction contracts (A) (revenue recognised over time)	3,107.33	11,794.78
Revenue other than considered in (A) above (revenue recognised Point in time)	1,49,860.88	1,09,399.80
Revenue from operations (Refer note 27)	**1,52,968.21**	**1,21,194.58**

The Company believes that the information provided under note 27 and note 44, is sufficient to meet the disclosure requirements with respect to disaggregation of revenue under Ind AS 115, *Revenue from Contracts with Customers*.

b) **Reconciliation the amount of revenue recognised in the consolidated statement of profit and loss with the contracted price:**

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per contracted price	1,56,619.25	1,23,129.66
Adjustments		
Variable consideration reduction on account of liquidated damages	(3,972.81)	(2,324.70)
Revenue from contract with customers	**1,52,646.44**	**1,20,804.96**
Export incentives	321.77	124.86
Bad debts recovered	-	264.76
Revenue from operations (Refer notes 27 and 28)	**1,52,968.21**	**1,21,194.58**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

44. Disclosures pursuant to Indian Accounting standard (Ind AS) 115, Revenue from Contracts with Customers:- (Contd...)

c. Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables	34,576.65	41,507.44
Contract assets		
Unbilled revenue - Other financial assets	102.78	6,314.06
Contract liabilities		
Biliing in excess of revenue	367.87	554.98
Accrued contractual liability	-	-
Advance from customers	8,756.25	11,008.35

d. Unsatisfied performance obligations

The Group applies the practical expedient in Paragraph 121 of Ind AS 115 and does not disclose information about remaining performance obligations where the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. Accordingly, the Group recognises revenue by an amount to which the Group has a right to invoice.

45. Lease Transactions

The Group has elected below practical expedients on transition to Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

The incremental borrowing rate of 4.32% p.a to 14.50% p.a and 8.00% for Lease Arrangeents of current year,.has been applied to lease liabilities recognised in consolidated financial statements.

45.1 As a Lessee - Movement in Lease liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at 1 April	**3,494.76**	**2,208.75**
New lease contracts entered during the year	1,557.66	1,825.15
Remeasurement due to lease modification	233.35	-
Recoupment / Adjustment	(100.70)	-
Finance costs incurred during the year	247.96	170.66
Payments of Lease Liabilities	(809.72)	(881.85)
Exchange differences	104.43	172.05
Balance as at 31 March (refer note 19)	**4,727.74**	**3,494.76**
Maturity analysis - Undiscounted cash flows		
Less than one year	838.67	813.04
More than one year	7,712.14	3,546.95

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

45.2 Amounts recognised in profit or loss

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	247.96	170.66
Expenses relating to short-term leases	1,991.40	1,423.02

45.3 As a Lessor

Lease income from lease contracts in which the Group acts as a lessor is as below:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Operating Lease	256.18	268.00
Maturity analysis - Undiscounted cash flows		
Less than one year	101.20	74.61

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.

46. Government grants

In response to the COVID-19 coronavirus pandemic, the Group has received government grants from the governments of UK and USA in the previous year. The Group has reduced the grant received from 'employee benefit expense' in the statement of profit or loss in the previous year. During the current year, no Covid benefits have been received.

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 employer however needs to cover social security and pension payments. The amount of support reduced from July 2021 to 70% government funded, followed by 60% in August and September, with the scheme terminating at the end of September. The maximum cap per employee also reduces from July to GBP 2,188 and GBP 1,875 respectively. The Company benefited from the programme from April 2021 to March 2022. The Company received a wage subsidy of GBP 37,846 under the programme. During the current year, no scheme was applicable to the company.

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.. A second tranche of PPP loan was received in January 2021 amounting to USD 148,554. As on 31st March 2021, this loan was not waived off. However, the loan was 100% forgiven by the Small Business Administration on in July, 21. The Company reduced the grant received from 'employee benefit expense' in the statement of profit or loss. During the current year, no scheme was applicable to the company.

Notes to the consolidated financial statements (extract)

Employee benefit expense	Domestic currency (in '000)		Reporting currency (INR in Lakhs)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Government grants received				
- UK (GBP)	-	37.85	-	38.52
- USA (USD)	-	148.56	-	110.69
	-	-	-	**149.21**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

47. 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, 2023.

(₹ in Lakhs)

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consoli-dated net assets	Amount	As % of consoli-dated profit or loss	Amount	As % of consolidat-ed profit or loss	Amount	As % of consoli-dated profit or loss	Amount
Parent								
1. Elecon Engineering Company Limited	84.21%	1,07,718.70	79.22%	18,814.90	80.50%	570.44	79.26%	19,385.34
Subsidiaries								
Foreign								
1. Radicon Transmission UK Limited, United Kingdom.	12.14%	15,534.58	13.81%	3,280.50	19.95%	141.37	13.99%	3,421.87
2. Elecon Middle East FZCO, Middle East	5.25%	6,713.87	6.35%	1,508.44	-	-	6.17%	1,508.44
3. Elecon Singapore Pte. Limited, Singapore	0.68%	872.28	0.42%	100.42	-	-	0.41%	100.42
Associates (Investment as per equity method)								
Indian								
1. Eimco Elecon (India) Limited	4.46%	5,702.11	1.37%	324.50	-0.45%	(3.19)	1.31%	321.31
Adjustments arising out of consolidation	-6.75%	(8,630.60)	-1.18%	(279.40)	-	-	-1.14%	(279.40)
Total	**100.00%**	**1,27,910.95**	**100.00%**	**23,749.36**	**100.00%**	**708.62**	**100.00%**	**24,457.98**

for the year ended March 31, 2022

(₹ in Lakhs)

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consoli-dated net assets	Amount	As % of consoli-dated profit or loss	Amount	As % of consolidat-ed profit or loss	Amount	As % of consoli-dated profit or loss	Amount
Parent								
1. Elecon Engineering Company Limited	86.21%	90,537.46	67.99%	9,551.78	117.39%	(588.71)	66.16%	8,963.07
Subsidiaries								
Foreign								
1. Radicon Transmission UK Limited, United Kingdom.	11.44%	12,016.97	24.47%	3,438.21	-18.27%	91.60	26.05%	3,529.82
2. Elecon Middle East FZCO, Middle East	4.54%	4,763.75	7.15%	1,003.84	-	-	7.41%	1,003.84
3. Elecon Singapore Pte. Limited, Singapore	0.68%	709.58	0.37%	52.15	-	-	0.38%	52.15
Associates (Investment as per equity method)								
Indian								
1. Eimco Elecon (India) Limited	5.15%	5,404.76	1.03%	144.23	0.88%	(4.40)	1.03%	139.83
Adjustments arising out of consolidation	-8.01%	(8,408.73)	-1.00%	(140.95)	0.00%	-	-1.04%	(140.95)
Total	**100.00%**	**1,05,023.78**	**100.00%**	**14,049.26**	**100.00%**	**(501.51)**	**100.00%**	**13,547.75**

Note:

The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) and net assets of INR Nil for the year ended 31 March 2023 in respect of 3 associates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

48. Description of the Group

The Consolidated financial statements comprise the financial statements of the Holding Company, its subsidiaries, step-down subsidiaries and associates :

Name of the Company	Country of Incorporation	% of Holding either directly or indirectly through a subsidiary	
		March 31, 2023	March 31, 2022
(a) Subsidiary			
Radicon Transmission UK Limited	United Kingdom	100.00	100.00
Elecon Singapore Pte. Limited	Singapore	100.00	100.00
Elecon Middle East FZCO	UAE	100.00	100.00
(b) Step Down Subsidiary			
Benzlers Systems AB	Sweden	100.00	100.00
AB Benzlers	Sweden	100.00	100.00
Radicon Drive Systems Inc.	USA	100.00	100.00
Benzlers Transmission A.S.	Denmark	100.00	100.00
Benzlers Antriebstechnik G.m.b.h	Germany	100.00	100.00
Benzlers TBA B.V.	Netherlands	100.00	100.00
OY Benzlers AB	Finland	100.00	100.00
Benzlers Italia s.r.l.	Italy	100.00	100.00
(c) Associate Companies			
Eimco Elecon (India) Limited	India	16.62	16.62
Elecon Engineering (Suzhou) Co. Limited*	China	50.00	50.00
Elecon Africa Pty. Limited*	South Africa	50.00	50.00
Elecon Australia Pty. Limited*	Australia	50.00	50.00

Note :

All the above entities followed accounting period of April 22 to March 23.

*These companies are in the process of obtaining approval from Reserve Bank of India for their liquidation.

49. Equity accounted investees

Associates - *Eimco Elecon (India) Limited*

The Group holds 16.62% interest in Eimco Elecon (India) Limited, which is engaged in manufacturing of equipments for mining and construction sector. Eimco Elecon (India) Limited is a listed company in India. For Eimco Elecon (India) Limited the Group's share is less than 20% equity interest, however the group has determined that it has significant influence because it has representation on the board of the investee. The Group's interest in Eimco Elecon (India) Limited is accounted by using the equity method in the consolidated financial statements. The following table shows the summarised financial information of the Group's investment in Eimco Elecon (India) Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

49. Equity accounted investees (Contd...)

(₹ in Lakhs)

Percentage ownership interest	March 31, 2023	March 31, 2022
Non-current assets	24,464.34	16,838.46
Current assets	14,413.22	19,715.61
Non-current liabilities	(545.29)	(705.82)
Current liabilities	(3,259.14)	(2,564.22)
Net assets	**35,073.13**	**33,284.03**
Group's share of net assets (16.62%)	5,829.15	5,531.81
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	**5,702.07**	**5,404.73**

Particulars	March 31, 2023	March 31, 2022
Revenue	17,269.70	8,444.37
Profit after tax	1,952.49	867.79
Other comprehensive income	(19.19)	(26.49)
Total comprehensive income	1,933.30	841.30
Group's share of Profit (16.62%)	324.50	144.23
Group's share of OCI (16.62%)	(3.19)	(4.40)
Group's share of the total comprehensive income (16.62%)	**321.31**	**139.83**

The associate had the following contingent liabilities and capital commitments

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
a. Income tax demands disputed	202.36	200.93
b. Sales tax demands disputed	-	3.22
c. Excise & Service tax demands disputed	702.20	702.20
d. With reference to the 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. Further, in view of management, any additional financial liability for the period from the date of the SC order (28 February 2019) to 31 March 2023 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
Note: All the above figures are excluding unquantified interest payable wherever applicable and outflow of funds, if any, would depend upon the outcome of the dispute / contingency.		
e. Capital Commitments	371.69	302.42

Note :

Previous period figures have been regrouped / reclassified wherever necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

50. Other disclosures with respect to Schedule III

a) There is no scheme of arrangements approved by the competent authority in terms of sections 230 to 237 of the Companies' Act, 2013.

b) The Group has no such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (such as search or survey or any other relevant provision of the Income Tax Act, 1961)

c) The Group have not traded or invested in crypto currency or virtual currency during the year.

51. The Consolidated financial statements were authorised for issue by the Holding Company's Board of Directors at their meetings held on April 25, 2023.

As per our report of even date attached

For C N K & Associates LLP
Chartered Accountants
Firm's Registration No : 101961 W/W - 100036

Himanshu Kishnadwala
Partner
Membership No: 037391

Place : Vallabh Vidyanagar
Date : 25th April, 2023

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

Prayasvin Patel
Chairman & Managing Director
DIN : 00037394

Ashutosh Pednekar
Director
DIN : 00026049

Narasimhan Raghunathan
Chief Financial Officer

Bharti Isarani
Company Secretary

Place : Vallabh Vidyanagar
Date : 25th April, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)
for the year ended 31st March, 2023

Annexure - A

Salient features of the financial statements of subsdiaries as per Companies Act, 2013 - Part A

Part A: Subsidiaries

(Currencies in Lakhs)

Sr. No.	Name of the Subsidiary	Currency	Paid up Capital	Reserves & Surplus	Total Assets (including investments in subsidairy)	Total Liability	Invest-ments (excluding invest-ments in subsid-airy)	Turnover	Profit/ (Loss) before tax	Provision for taxation	Profit/ (Loss) after tax	Proposed Dividend	% of Share-hold-ing
1	Radicon Transmission UK Limited	INR	12,430.40	7,874.89	27,207.16	6,612.13	-	11,107.80	1,100.16	186.25	913.91	-	100
		GBP	124.86	77.30	267.07	64.91	-	114.72	11.36	1.92	9.44	-	
2	Elecon Singapore Pte. Limited	INR	487.26	343.81	1,586.66	714.38	-	2,297.66	120.42	20.00	100.42	-	100
		USD	6.43	4.18	19.30	8.69	-	28.58	1.50	0.25	1.25	-	
3	Elecon Middle East FZCO	INR	123.66	6,579.65	10,120.01	3,406.14	-	6,213.36	1,508.44	-	1,508.44	-	100
		AED	6.00	294.13	452.39	152.26	-	284.18	68.99	-	68.99	-	
4	Benzlers Systems AB	INR	8.13	3,957.02	4,072.22	107.28	-	-	(4.61)	-	(4.61)	-	100
		SEK	1.00	499.88	514.44	13.55	-	-	(0.60)	-	(0.60)	-	
5	AB Benzlers	INR	1,057.51	6,882.54	10,930.25	3,018.64	-	10,543.54	1,510.89	-	1,510.89	-	100
		SEK	130.00	869.46	1,380.80	381.34	-	1,363.91	195.45	-	195.45	-	
6	Radicon Drive Systems Inc.	INR	603.63	(1,941.61)	6,451.63	7,738.58	-	8,832.65	1,378.61	124.61	1,254.01	-	100
		USD	7.96	(23.62)	78.47	94.12	-	109.87	17.15	1.55	15.60	-	
7	Benzlers Transmission A.S.	INR	162.45	100.93	624.38	343.90	-	1,069.35	59.80	6.68	53.13	-	100
		DKK	15.00	8.43	52.16	28.73	-	93.80	5.25	0.59	4.66	-	
8	Benzlers Antriebstechnik G.m.b.h	INR	86.57	505.96	1,123.80	526.21	-	1,305.83	50.26	15.58	34.68	-	100
		EUR	1.02	5.65	12.54	5.87	-	15.60	0.60	0.19	0.41	-	
9	Benzlers TBA B.V.	INR	172.96	919.85	1,724.46	621.54	-	3,092.00	76.68	12.99	63.68	-	100
		EUR	2.04	10.27	19.24	6.94	-	36.93	0.92	0.16	0.76	-	
10	OY Benzlers AB	INR	128.15	50.20	686.33	500.49	-	1,073.69	46.91	-	46.91	-	100
		EUR	1.51	0.56	7.66	5.59	-	12.82	0.56	-	0.56	-	
11	Benzlers Italia s.r.l.	INR	8.47	199.34	318.53	110.23	-	605.45	22.72	13.40	9.32	-	100
		EUR	0.10	2.22	3.55	1.23	-	7.23	0.27	0.16	0.11	-	

As on 31.03.23: 1 GBP = 101.87 INR, 1 USD = 82.22 INR, 1 EURO = 89.61 INR, 1 DKK = 11.97 INR, 1 AED = 22.37 INR, 1 SEK = 7.92 INR

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd...)

for the year ended 31st March, 2023

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 2022-23 on consolidated basis:-

(₹ in Lakhs)

Sr. No.	Particulars	2022-23		2021-22	
		Entities forming part of the same group		Entities forming part of the same group	
		EMTICI Engineering Limited	Prayas Engineering Limited	EMTICI Engineering Limited	Prayas Engineering Limited
1	Purchase of goods & availment of services	0.56	700.07	0.16	662.97
2	Sale of goods & rendering of services	-	23.05	-	77.35
3	Rent Expense	451.50	189.04	774.00	283.56
4	Rent Income	5.09	-	2.38	2.60
5	Purchase of plant and equipment	-	12.65	-	-
6	Reimbursement of Expense	4.52	7.33	11.73	0.81
7	Sale of scrap	-	2.60	-	-
7	Dividend paid	368.73	171.23	105.35	48.92
8	Miscellaneous Expense	223.87	54.83	332.27	8.29
9	Repairs & Maintenance Charges	0.54	-	-	-
10	Commission expense on Sales	-	-	20.96	-

Note:- * The Composite Scheme of Merger and Arrangement (“Scheme”) consisting Demerger of Demerged Undertakings of Emtici Engineering Limited, Akaaish Mechatronics Limited, Wizard Fincap Limited, Speciality Wood Pack Private Limited, Prayas Engineering Limited, Elecon Information Technology Limited and Elecon Peripherals Limited (collectively referred to as “Demerged Companies”); and Merger of Devkishan Investments Private Limited and Bipra Investments and Trusts Private Limited (collectively referred to as “Transferor Companies”) into/with Aakaaish Investments Private Limited (collectively referred to as “Resulting Company” or “Transferee Company”) is approved by the National Company Law Tribunal, Ahmedabad Bench vide by an order dated 2nd November, 2022 (certified copy of said Order dated 4th November, 2022) in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013. The same had been intimated to the Stock Exchanges on 9th November, 2022. Hence, abovesaid transactions are for the period from 1.04.2022 to 9.11.2022. Further, there is no transaction with Akaaish Investments Private Limited during the period from 10.11.2022 to 31.03.2023.

NOTICE

NOTICE IS HEREBY GIVEN THAT the 63rd Annual General Meeting of Members of Elecon Engineering Company Limited will be convened on Wednesday, the 28th day of June, 2023 at 3:00 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 on 31st March, 2023 and the Reports of Auditors and the Board of Directors ("the Board") thereon.
2. To declare a final dividend of ₹ 2.00 per equity share for the financial year ended on 31st March, 2023.
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.

SPECIAL BUSINESS

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of members be and is hereby accorded for the re-appointment of Shri Prayasvin B. Patel (DIN:00037394), as the Chairman & Managing Director of the Company for a period of 3 years with effect from 1st July, 2023 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in its meeting held on 25th April, 2023, on the terms and conditions of appointment and remuneration as mentioned in the explanatory statement and also contained in the draft agreement, with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to alter and vary the terms and conditions of the said appointment as agreed by and between the Board of Directors and Shri Prayasvin B. Patel.

   RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 2013, wherein any financial year the Company has no profits or inadequate profit, Shri Prayasvin B. Patel will be paid remuneration, perquisites and/or allowances as stated in the explanatory statement as minimum remuneration.

   RESOLVED FURTHER THAT in the event of any statutory amendment or modification by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and are hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prayasvin B. Patel within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prayasvin B. Patel without any further reference by the Company in General Meeting.

   RESOLVED FURTHER THAT pursuant to the prescribed provisions of Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015') and other applicable regulations, and subject to the maximum remuneration approved by the members, approval of the Members of the Company be and is hereby accorded for payment of remuneration to Shri Prayasvin B. Patel, Chairman & Managing Director, Promoter of the Company as per the requirements of Regulation 17(6)(e) of the SEBI Listing Regulations, 2015.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and to take such steps as may be necessary, proper and expedient to give effect to this Resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and Regulation 19(4) read with Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Aayush Shah (DIN: 07140517), who was appointed by the Board of Directors as an Additional Director (Non-Executive and Non-Independent) of the Company with effect from 25th April, 2023 pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company and as recommended by Nomination and Remuneration Committee, who holds office as an Additional Director only upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, being so eligible, be and is hereby appointed as a Director (Non-Executive and Non-Independent), whose period of office will be liable determination by retirement of Directors by rotation .

   RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or 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 an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Ketki D Visariya & Co., Cost & Management Accountants having Firm Registration No. 000362 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2023-24 amounting to Rs. 1,70,000/- Plus Govt. Levies/Taxes as applicable and out-of-pocket expenses incurred by them in connection with the aforesaid audit at actual, be and is hereby ratified and confirmed.

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

By Order of Board of Directors,

Registered Office:
Anand-Sojitra Road
Vallabh Vidyanagar - 388 120.
Gujarat.
Date : 25th April, 2023

Bharti Isarani
Company Secretary

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. 251 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.

NOTES:-

1. The explanatory statement as required under Section 102(1) of the Companies Act, 2013 ('the Act') 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. 21/2021 dated 14th December, 2021 and General Circular No 10/2022 dated 28th December, 2022 and General Circular No 11/2022 dated 28th December, 2022 (including other applicable circular(s) as issued by MCA) and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct their AGMs through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In accordance with the said circular(s) of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the 63rd 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 12th May, 2020 read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI circular no. SEBI/ HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, Notice of the AGM alongwith 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 Listing Regulations 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 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 Register of Members and Share Transfer books of the Company will remain closed from Saturday, 10th June, 2023 to Wednesday, 28th June, 2023 (both days inclusive).
12. 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.
13. 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.

14. The Annual Listing Fees for the Financial Year 2023-24 have been paid to the Stock Exchanges where Company's securities are listed.

15. 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.

16. 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.

17. The Company has a designated email ID for Redressal of Shareholders'/Investors' Complaints/Grievances. Hence, please write to us at investor.relations@elecon.com.

18. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 which have come into force from 7th September, 2016, the Company has transferred, on due dates, the unclaimed final dividend for the Financial Year 2014-15 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 share 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 E-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.

19. Dividend Related Information:

    Subject to approval of the Members at the said AGM, the dividend will be paid on/after 1st July, 2023 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, 9th June, 2023 (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.

20. 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 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 Sunday, 25th June, 2023 at 9:00 a.m. and ends on Tuesday, 27th June, 2023 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 Wednesday, 21st June, 2023 ("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 two working days 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. 1st April, 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 Private Limited, at their address at B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Crossing, Akota, Vadodara - 390 020, Telephone No. +91 265 6136000, 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 6136000 **Email ID vadodara@linkintime.co.in** Website **www.linkintime.co.in.**

21. The Instructions of Remote E-Voting for Shareholders are as under:

As per the SEBI circular dated 9th December, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

1. Individual Shareholders holding securities in demat mode with NSDL:

1. Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added 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 i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting

your vote during the remote e-Voting period.

2. If you are 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.

3. Visit the e-Voting 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-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 i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL:

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

4. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on **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, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

3. 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. After Successful 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 the company name or e-Voting service provider name i.e. Link Intime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in

2. Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details:-

   A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

   B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

   C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

   D. Bank Account Number: Enter your Bank

Account Number (last four digits), as recorded with your DP/Company.

Shareholders holding shares in* ***physical form* *but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above.*

Shareholders holding shares in* ***NSDL form**, shall provide 'D' above.*

- ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
- ▶ Click "**confirm**" (Your password is now generated).

3. Click on 'Login' under '**SHARE HOLDER**' tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
4. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional shareholders:

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.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at 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.

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in.

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

  In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&), at least one numeral, at least one alphabet and at least one capital letter.*

  User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use 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".

PROCESS AND MANNER FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in & Click on "Login"

- Select the "**Company**" and '**Event Date**' and register with your following details: -

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No.

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID.
- Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company.

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

<u>Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:</u>

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

<u>Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.</u>

<u>Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:</u>

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

<u>Note:</u>

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

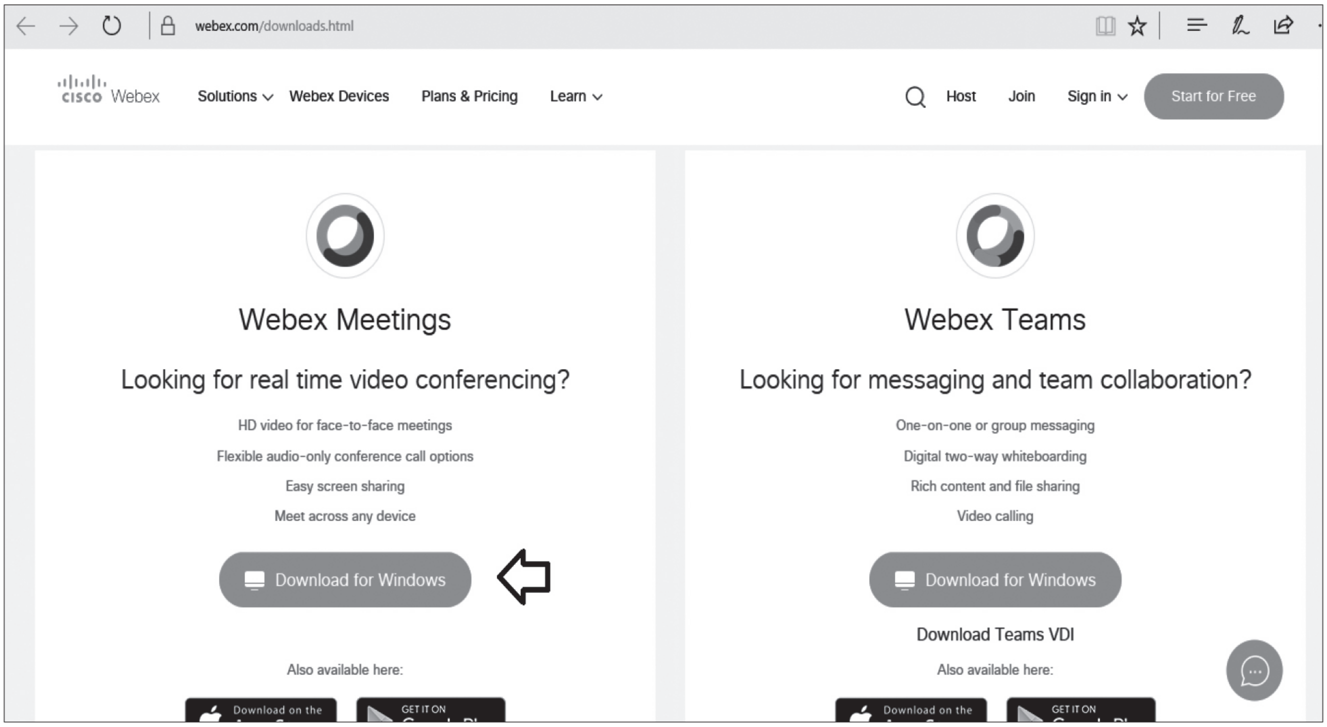
Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

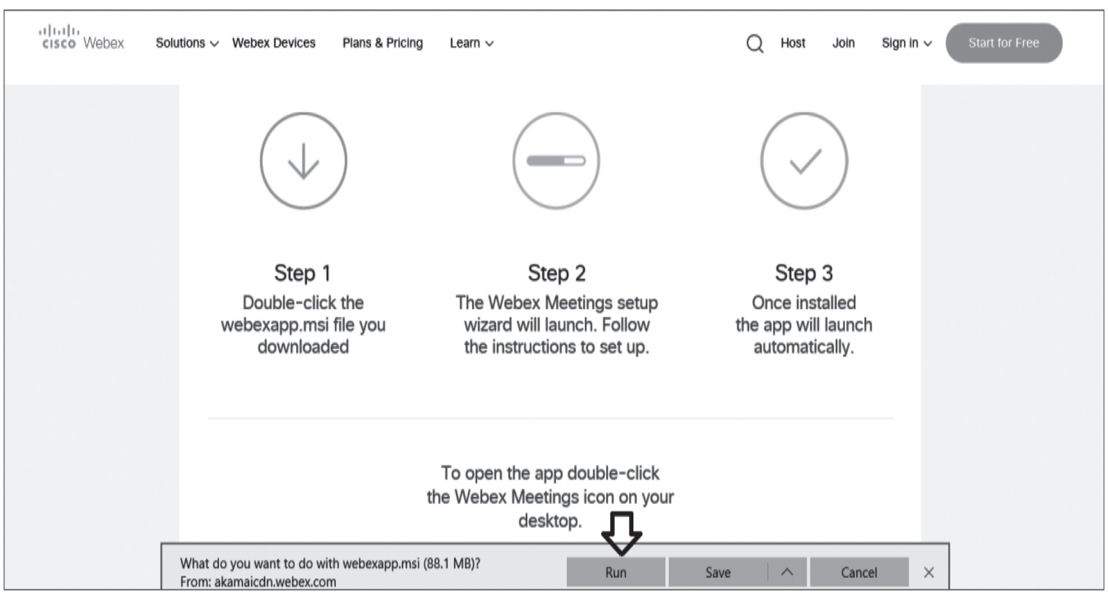
In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

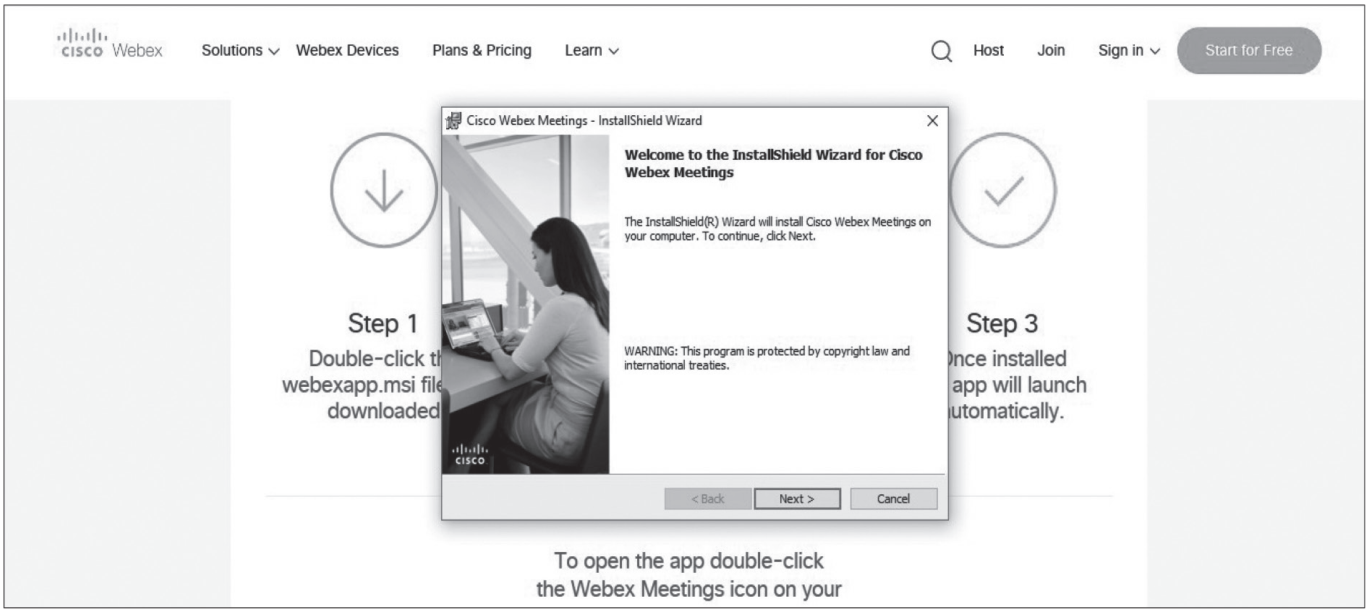
Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

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/






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
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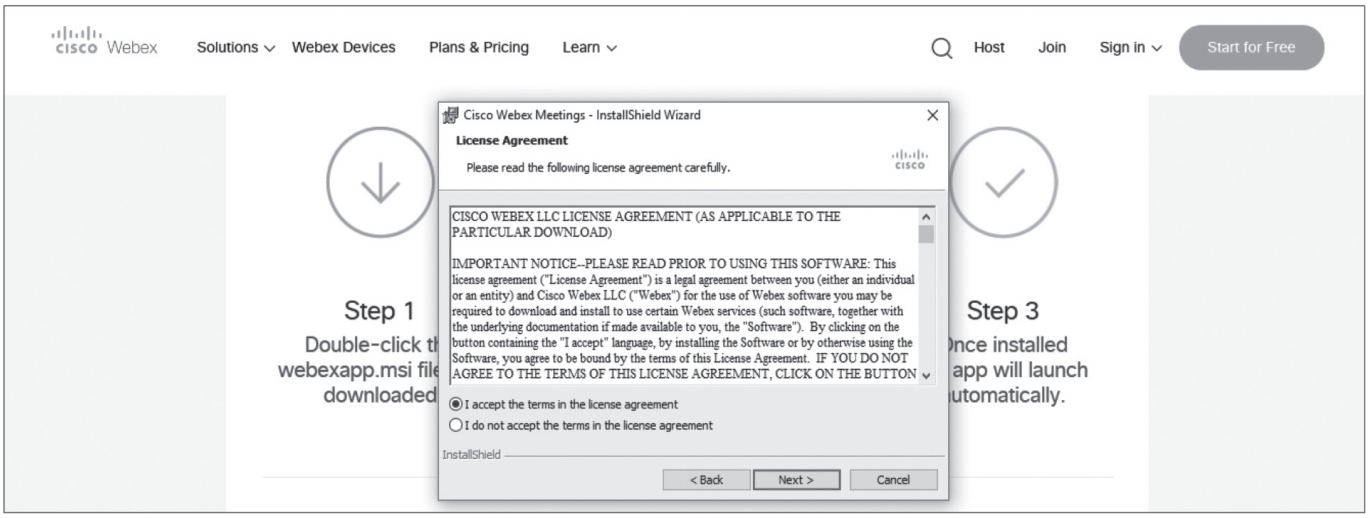
Step 1
Step 3
To open the app double-click
the Webex Meetings icon on your


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
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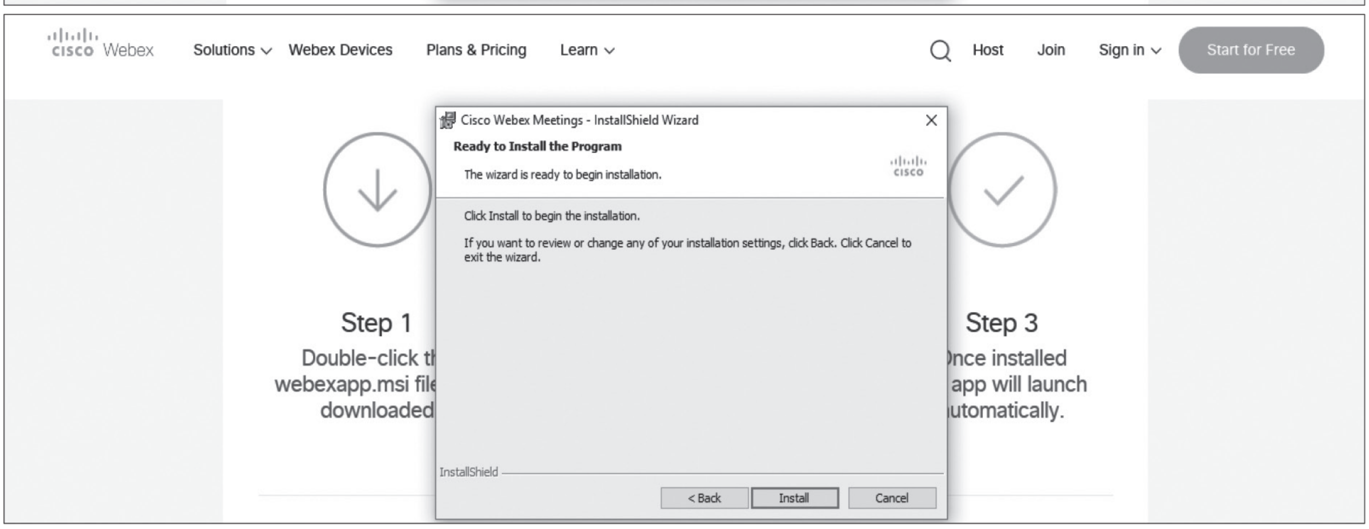
Step 3


Webex
Solutions
Webex Devices
Plans & Pricing
Learn
Host
Join
Sign in
Start for Free
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
< Back
Install
Cancel
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 : 25th April, 2023

Bharti Isarani
Company Secretary

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

Item No. 4

Shri Prayasvin B. Patel has been the Managing Director of the Company since last 31 years. Earlier, the members at the 60th Annual General Meeting of the Company held on 24th September, 2020 re-appointed Shri Prayasvin B. Patel as Chairman & Managing Director for a period of 3 years with effect from 1st July, 2020 on the terms and conditions as approved by them. The present term of his appointment is going to be completed on 30th June, 2023.

Shri Prayasvin Patel is B.E with Mechanical Engineering. He also holds a Master of Business Administration from Loyola University of U.S.A. He joined the organisation as the Joint Managing Director in the year 1983. He became Managing Director in 1993, and in the year 2006 took charge of the overall responsibilities of Elecon as the Chairman and Managing Director.

On joining the organization, Shri Prayasvin Patel took charge of the entire responsibility of both the Gear and Material Handling Equipments (MHE) divisions of the business. His keenness to improvise, hands on approach and his active participation has seen the Gear Division rise to become Asia's largest manufacturer of Industrial Gears with the facilities being acknowledged as amongst the most modern ones in the world.

Under his exemplary guidance, the Gear Division of the Company manufactures the largest range of industrial gearboxes and power transmission products and has set a benchmark in the Indian Gear Industry by introducing many firsts. It has also proudly partnered the Indian Navy, by supplying them with marine gearboxes for their stealth warships and air craft carrier. This has grown the status of Elecon Gears by making them join the elite list of gear box manufacturers which was earlier restricted to European companies.

The MHE Division of the Company is amongst the pioneers to introduce the concept of sophisticated Bulk Material Handling Equipment in India, under his leadership which has set a high watermark in the industry. His guidance led the Elecon EPC projects Limited (Now MHE Division) to become the first Indian Company to sell over 100 stacker-reclaimer (combined machine) throughout the globe and by selling 225 Wagon Tippler, which enabled the Company to became the 3rd Company in the world to attain this feat.

He is actively involved in the decision making for various technical and commercial matters including the marketing for both Gear and MHE Divisions. Elecon has become the supplier of choice for various sectors like Thermal Power Stations, Steel Plants, Cement Industries, Chemicals, Plastic Extrusion, Rubber and Sugar Industry. His ability to catch the wave of the market and his visionary approach led the Company to make its first international acquisition by acquiring Benzlers-Radicon Group from the David Brown Gear Systems.

Shri Prayasvin Patel is Director in companies like Eimco Elecon (India) Limited, Power Build Private Limited, Prayas Engineering Limited, Emtici Engineering Limited, Elecon Information Technology Limited, Elecon Peripherals Limited, Elecon Hydraulics Private Limited, Madhubhan Resort and Spa (a Resort-Division of Emtici Engineering Limited) amongst other small organizations. He also handles the responsibilities of Charotar Vidya Mandal (CVM) as the President.

He is also actively involved in the development of society through various Corporate Social Responsibility (CSR) initiatives. He was also instrumental behind the setting up of EL CARE, a social service wing of Elecon Group of Companies, which believes in reaching out to the society by going out and researching for causes that need attention rather than supporting fixed causes.

Under the chairmanship of Shri Prayasvin Patel, the Company has achieved its highest turnover in the current finance year. Further, from last two terms (i.e. six years), there is no increment in the remuneration of Shri Prayasvin Patel. Further, there were two executive directors including Shri Prayasvin Patel were dealing various matters. However, from last two years, he looks after the operations of the Company. Hence, considering the progress made by the Company under his leadership and the inflation over the period of last six years, the Board of Directors felt that it is in the interest of the Company to continue to avail services of Shri Prayasvin B. Patel as a Chairman & Managing Director. The Board of Directors at its meeting held on 25th April, 2023, on the recommendation of Nomination and Remuneration Committee, unanimously approved the re-appointment and remuneration payable to Shri Prayasvin B. Patel as Chairman & Managing Director of the Company with effect from 1st July, 2023 on the terms and conditions set out in the draft agreement to be entered into by the Company with him, copy of which will be available electronically for inspection by the members during the AGM, based on the request being received on investor.relations@elecon.com.

The brief particulars of his remuneration are as mentioned herein below:

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment: Three years with effect from 1st July, 2023.
3. Remuneration payable to Shri Prayasvin B. Patel when the Company earns adequate profits:
   a) Basic Salary, Perquisites and other allowance/benefits upto maximum of ₹ 475.00 lakhs per annum as may be decided by the Board of Directors with annual increase of 15% year on year basis. First such increment will be applied from 1st April, 2024.

   The abovesaid limit include following:-

   (i) Salary

   (ii) Perquisites and allowances as detailed hereunder:

   Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, reimbursement of actual expenditure on medical treatment for self and family in India or overseas including traveling expenses for the purpose, reimbursement of expenditure incurred on travel & stay abroad including that of accompanying person, club fees subject to a maximum of two clubs excluding admission and life membership fees, leave travel concession for self and family to and from any place in India or abroad once in a year, medical insurance and such other perquisites and allowances in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 197 and Schedule V of the Companies Act, 2013.

For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable.

b) **In addition to the above, he will be eligible for the following:**

(i) Contribution to Provident Fund will be made to the extent, this either singly or put together are not taxable under the Income-Tax Act, 1961.

(ii) Superannuation will be payable as per the rules of the Company applicable from time to time.

(iii) Gratuity will be payable as per the rules of the Company applicable from time to time.

(iv) Encashment of leave at the end of the tenure as per rules of the Company not exceeding one month's leave for every eleven months of service.

(v) Two Cars for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

c) **Commission:**

In addition to the salary and perquisites and allowances payable, commission as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 197 and Schedule V of the Companies Act, 2013 or any amendment or modifications thereof, as applicable from time to time.

d) **Minimum Remuneration:**

In the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure, the Chairman & Managing Director will be paid minimum remuneration of by way of salary, perquisites and allowances as stated above i.e. ₹ 475.00 Lakhs per annum with annual increase of 15% year on year basis, except commission, if any, subject to the compliance with the provisions of Schedule V of the Companies Act, 2013 or any amendment made hereinafter in this regard.

This resolution be considered in compliance of the Section 197 read with Schedule V of the Companies Act, 2013 which require the Company to obtain the approval of Shareholders by means of a Special resolution where the remuneration payable may exceed the limits in case of inadequacy of profits.

The details of Shri Prayasvin B. Patel as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure A to this Notice.

Members may note that the Company has not committed any default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor.

The Board accordingly recommends the Special Resolution at Item No. 4 of this Notice for the approval of the Members.

None of the other Directors or Key Managerial Personnel of the Company and their relatives, other than Shri Prayasvin B. Patel, Shri Pradip M. Patel and Shri Aayush A. Shah and their relatives, has in any way, concerned or interested in the said resolution set forth at Item No. 4 of this Notice.

Item No. 5

Pursuant to provisions of Sections 152 and 160 of the Companies Act, 2013 ("the Act") read with the applicable rules made thereunder, the Board of Directors of the Company ("Board") at its meeting held on 25th April, 2023, on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), had appointed Shri Aayush Shah (DIN: 07140517), as an Additional Director (Non-Executive and Non-Independent) with effect from 25th April, 2023.

In accordance with the provisions of Section 161 of the Act read with the applicable rules made thereunder and the Articles of Association of the Company, Shri Aayush Shah being an Additional Director, holds office upto the date of the 63rd Annual General Meeting ("AGM") of the Company. The Company has received a notice in writing from a Member of the Company under Section 160 of the Act proposing the candidature of Shri Aayush Shah for the office of a Director of the Company.

Shri Aayush Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. He is not debarred from holding the office of a Director by virtue of any order of the Securities and Exchange Board of India or any other such authority.

Brief Profile:

Shri Aayush Shah is Mechanical Engineer from Georgia Institute of Technology, USA. He is having more than 2 years of experience in the domain of Managing Business Unit, Operations Management, Strategic Planning & Budgeting, Process Improvement, Project Management and Business Turnaround. Presently, he is actively performing his duties as an Executive Director of Power Build Private Limited.

Shri Aayush Shah would be entitled to remuneration including sitting fees, commission, stock options/other securities as permitted by law and by himself or on beneficial basis for any other person as may be approved by the Board from time to time, subject to such further approvals, as applicable .

Shri Aayush Shah holds beneficiary interest on the equity shares of the Company as a husband of Ms. Akanksha P. Patel, who is the Promoter of the Company and Daughter of Shri Prayasvin B. Patel, Chairman and Managing Director of the Company as on date of this Notice and is inter-se related to Shri Prayasvin B. Patel, Chairman and Managing Director of the Company. He does not have any material pecuniary relationships or transactions with the Company, its subsidiaries or any of the Directors, which would have any potential conflict with the interests of the Company at large.

Other disclosures and details of terms and conditions of appointment of Shri Aayush Shah as stipulated under Regulation 36 of the SEBI Listing Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided in the Annexure to this Explanatory Statement and should be taken and read as part hereof.

Save and except for Shri Aayush A. Shah, Shri Prayasvin Patel and their relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors, KMPs of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of the Notice.

The Board is of the view that Shri Aayush Shah's knowledge, skills, expertise and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination & Remuneration Committee, recommends his appointment as a Director (Non-Executive and Non-Independent) of the Company as set out in the Ordinary Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

All relevant documents and papers relating to Item No. 5 and referred to in this Notice and Explanatory Statement, shall be open for inspection by the Members of the Company. Members can request inspection of such documents by sending an e-mail to investor.relations@elecon.com.

Item No. 6

In accordance with the provisions of Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited from a qualified Cost Accountant.

The Board at its meeting held on 25th April, 2023, 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 2023-24 as per the following details:

Sr. No.	Name of Cost Auditor	Industry	Audit Fees (₹)
1.	M/s Ketki D. Visariya & Co.	Engineering	1,70,000/- plus Govt. Levies/Taxes as applicable and out-of-pocket expenses at actual.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors of the Company for the financial year 2023-24 as set out in the resolution for aforesaid services to be rendered by them.

Accordingly, the Board of Directors recommends the resolution set forth at Item No. 6 of this Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the resolution set out at Item No. 6.

By Order of Board of Directors,

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

Date : 25th April, 2023

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 Pradip M. Patel	Shri Prayasvin B. Patel	Shri Aayush A. Shah
Date of Birth	05-11-1947	03-04-1958	08-09-1994
Date of Appointment	14-11-1977	01-07-1983	25-04-2023
DIN	00012138	00037394	07140517
Qualifications	M.B.A. (U.S.A.)	B.E. (Mech.) M.B.A (U.S.A)	Mechanical Engineer from Georgia Institute of Technology, USA.
Brief Resume & Expertise in specific Functional areas	Shri Pradip Patel has more than three decades of experience in Bearing industry. He served as Managing Director of ABC Bearings Limited from 1st August, 1981 to 31st August, 2018. His core area of strength relating to the business is strong leadership, strategy building and operational direction.	Shri Prayasvin B. Patel has 48 years of experience in Engineering industry. He started his career as Sales Director of Prayas Casting Pvt. Ltd., Vallabh Vidyanagar. Thereafter, he joined Elecon Engineering Co. Ltd. as Joint Managing Director on 1st July, 1983. From 1st July, 1993, he has taken over the responsibility of the Managing Director of the Company, and in the year 2006 took charge of the overall responsibilities of Elecon Group of Industries as the Chairman and Managing Director. Mr. Prayasvin Patel also holds top positions in many other companies. He is Director in companies like Eimco Elecon (India) Ltd, Power Build Pvt. Ltd, Prayas Engineering Ltd., Emtici Engineering Ltd, Elecon Information Technology Ltd, Elecon Peripherals Ltd, Eimco Elecon Electricals Ltd, Elecon Hydraulics Pvt. Ltd, Madhubhan Resort and Spa (a resort) amongst other small organizations. He also handles the responsibilities of Charotar Vidya Mandal (CVM) as the President.	He is a Chief Executive Officer and Executive Director of Power Build Private Limited. Under his leadership, Power Build Private Limited achieved many milestones in challenging time. And this journey with Power Build Private Limited is continue. He carries more than 2 years of experience in the domain of Managing Business Unit, Operations Management, Strategic Planning & Budgeting, Process Improvement, Project Management and Business Turnaround.
Skills and Capabilities required for the Role and the manner in which he meets such requirements	He has a vast Experience of management in a diverse organization and in finance, administration, corporate and strategic planning, sales & marketing etc.	He is actively involved in the decision making for various technical and commercial matters including the marketing for both Gear and MHE Divisions. His ability to catch the wave of the market and his visionary approach led Elecon at different level.	He has strong operational, personal and social networking, good understanding of multicultural business challenges, detailing, analytical and common sense approach. He is a strong believer in technology and continuous improvements, customer engagement and innovations.

Other Listed Companies in which Directorship held as on 31st March, 2023 (along with listed entities from which the person has resigned in the past three years)	- Eimco Elecon (India) Limited	- Eimco Elecon (India) Limited.	- NIL
Chairman/Membership of Audit Committee and Stakeholders' Relationship Committees in other Listed Companies as on 31st March, 2023 (along with listed entities from which the person has resigned in the past three years)	Eimco Elecon (India) Limited - Stakeholders' Relationship Committee – Member - Audit Committee – Member	- NIL	- NIL
No. of Shares held in the Company	43,161	21,90,422	- NIL
Relationship with any Director of the Company	Sister's husband of Shri Prayasvin Patel, Chairman & Managing Director	Wife's Brother of Shri Pradip M. Patel, Director; Wife's Father of Shri Aayush A. Shah	Related to Shri Prayasvin Patel Chairman & Managing Director as Son-in-law.

ELECON ENGINEERING COMPANY LIMITED

CIN : L29100GJ1960PLC001082

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 238701, 238702, 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 Agent to the following address:

M/s. Link Intime India Private Limited,
Unit: Elecon Engineering Company Limited,
B- 102 and 103, Shangrila Complex, 1st Floor,
Opp. HDFC Bank, Near Radhakrishna Crossing,
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

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BR-PERMIT NO. L2/And./BRP-7
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Elecon Engineering Company Limited
Anand-Sojitra Road,
Vallabh Vidyanagar - 388 120,
Gujarat.

FOLD

ELECON ENGINEERING COMPANY LIMITED
Anand - Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat, INDIA.
Tel: +91 2692 238 701/702/703/704, 236 469
Website: www.elecon.com | CIN L29100GJ1960PLC001082