



## ELECON ENGINEERING COMPANY LIMITED

Regd. Office : Anand Sojitra Road, Vallabh Vidyanagar - 388120, Gujarat.

### NOTICE OF POSTAL BALLOT

(Notice pursuant to Section 192A of the Companies Act, 1956)

Dear Shareholder(s),

NOTICE IS HEREBY GIVEN THAT the following resolution is proposed to the shareholders to be passed as a Special Resolution by way of Postal Ballot pursuant to Section 192A of the Companies Act 1956 (the "Act") read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011 and any other applicable sections, rules, regulations, guidelines, as amended from time to time.

As per the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of:

1. Sixty percent of the aggregate of the paid up capital and free reserves or,
2. Hundred per cent of its free reserves, whichever is more, if Special Resolution is passed by the shareholders of the lending Company.

As per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the consent of the shareholders for the above purpose is to be obtained by means of postal ballot. Accordingly, the said draft Special Resolution and the Explanatory Statement is being sent to you together with a Postal Ballot Form for your consideration. The Company has appointed Mr. Hemant Patel, Sr. Advocate as the scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the form duly completed, in the attached self addressed pre-paid postage envelope as to reach the scrutinizer on or before 17th day of July, 2013. The scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of the postal ballot will be announced by the Chairman on 25th day of July, 2013 at the Registered Office of the Company at Anand-Sojitra Road, Vallabh Vidyanagar - 388 120 at 11.00 a.m.

### TEXT OF THE PROPOSED SPECIAL RESOLUTIONS ALONGWITH EXPLANATORY STATEMENT

1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
  - (A) **"RESOLVED THAT** pursuant to the provisions of section 372A and other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof (including any ordinance or statutory modification, re-enactment thereof for the time being in force) and subject to consent and approvals of the members of the Company, Reserve Bank of India (RBI), Public Financial Institution(s) including UTI, Stock Exchange(s), Securities and Exchange Board of India (SEBI) or such authorities and/or in accordance with guidelines and notifications issued by SEBI, Government, etc. and such other approvals/ permissions as may be necessary under any other statute for time being in force, consent and approvals of the Company be and are hereby accorded to the Board of Directors of the Company:
    - a) to invest/acquire from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of one or more bodies corporate, whether in India or outside, which may or may not be subsidiary(ies) of the Company as the Board may think fit, in pursuance of Section 372 A of the Companies Act, 1956 (including any ordinance or statutory modification or re-enactment thereof, for the time being in force), to the extent of the following limits in excess of and in addition to the investments already made as at 31st March 2013.

**INVESTMENT**

<b>Name of the Company</b>	<b>Rs. In Crores</b>
Elecon EPC Projects Ltd.	500.00
Other Group/Subsidiary Companies	100.00
Other Bodies Corporate	100.00
<b>Total</b>	<b>700.00</b>

- b) to make/ give from time to time any loan or loans to any body or bodies corporate, whether in India or outside, which may or may not be subsidiary(ies) of the Company as the Board may think fit, in pursuance of Section 372 A of the Companies Act, 1956 (including any ordinance or statutory modification or re-enactment thereof, for the time being in force) to the extent of the following limits in excess of and in addition to the loans already given, if any, as at 31st March 2013.

**LOAN**

<b>Name of the Company</b>	<b>Rs. In Crores</b>
Elecon EPC Projects Ltd.	600.00
Other Group/Subsidiary Companies	100.00
Other Bodies Corporate	100.00
<b>Total</b>	<b>800.00</b>

- c) give from time to time any guarantee(s) and/or provide any security, in connection with any loan(s) made, by any other person(s) to, or to any other person(s) by, any body(ies) corporate, whether in India or outside, which may or may not be subsidiary(ies) of the Company as the Board may think fit, in pursuance of Section 372 A of the Companies Act, 1956 (including any ordinance or statutory modification or re-enactment thereof, for the time being in force) to the extent of the following limits in excess of and in addition to the guarantees already given, or securities already provided as at 31st March, 2013.

**GUARANTEE / SECURITIES**

<b>Name of the Company</b>	<b>Rs. In Crores</b>
Elecon EPC Projects Ltd.	2000.00
Other Group/Subsidiary Companies	400.00
Other Bodies Corporate	100.00
<b>Total</b>	<b>2500.00</b>

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investment or loan made or guarantees to be provided and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.”

**By Order of the Board**  
**Elecon Engineering Company Ltd.**

Place : Vallabh Vidyanagar  
Date : 23.05.2013

**(Paresh Shukla)**  
Company Secretary

## EXPLANATORY STATEMENT

(Pursuant to Section 173 and 192A of the Companies Act, 1956)

### Item No. 1

As per the provisions of Section 372A of the Companies Act, 1956 the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of

- i) Sixty per cent of the aggregate of the paid up capital and free reserves or,
- ii) Hundred per cent of its free reserves, whichever is more, if Special Resolution is passed by the shareholders of the lending Company.

The Company has in the course of its business formed various subsidiary and step-down subsidiary companies wherein the Company is holding shares, either directly or through its subsidiaries. Such companies require support from the parent company from time to time in the form of infusion of funds into their businesses for the expansion and diversification of their activities. With a view to meet the fund requirements of some of the subsidiary and step-down subsidiary and Group companies, the Company proposes to provide assistance in the form of direct loans or extension of guarantees or provision of securities for loans from other parties or investment into the securities of the said companies as and when required.

The loans proposed to be given, guarantees or securities proposed to be provided or investments proposed to be made by the Company into such subsidiaries or group Companies may exceed the limit as specified in Section 372A of the Companies Act, 1956.

Hence, this permission is sought in pursuant to the provisions of Section 372A of the Companies Act, 1956. It is considered desirable to give powers to the Board of Directors for making such investments, loans and providing guarantees/securities. For furtherance of long term strategic and business objectives, it is proposed to obtain shareholders' permission for investment by way of subscription and/or purchase of equity/equity related securities and/or debentures, grant of loan, guarantee and/or providing of security from time to time in other bodies corporate.

Details of investments to be made, loans to be given and guarantees and securities to be provided are as under :

(₹ in Crores)			
Name of the Company	Investment not Exceeding ₹	Loan not Exceeding ₹	Guarantees / Securities not Exceeding
Elecon EPC Projects Ltd.	500.00	600.00	2000.00
Other Group/Subsidiary Companies	100.00	100.00	400.00
Other Bodies Corporate	100.00	100.00	100.00
<b>Total</b>	<b>700.00</b>	<b>800.00</b>	<b>2500.00</b>

The limits mentioned in the resolution are in excess of and in addition to the investments already made, loans, guarantee and securities already given, if any, as at 31st March 2013.

These investments, loans and guarantees and securities are proposed to be made out of own / internal accruals / borrowed funds, objective of which is optimum utilisation of surplus funds of the Company.

Investments, loans and guarantees to be made are on terms most beneficial to the Company/at prevailing market rates read with the provisions of Section 372A of the Act.

Shri Prayasvin B. Patel, Shri Pradip M. Patel and Shri Prashant C. Amin are deemed to be interested in the resolution to the extent of being Directors and Shri Prayasvin B. Patel to the extent of his shareholding in the share capital of the concerned Company(ies)/body(ies) corporate.

The Directors recommend the resolution(s) to the members for their approval.

None of the other Directors of the Company are concerned or interested in the resolution.

**Regd. Office:**

Anand-Sojitra Road,  
Vallabh Vidyanagar - 388 120.

Date : 23.05.2013

Encl : Postage Pre-paid Envelope

**By Order of the Board**

**Paresh Shukla**  
Company Secretary