

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2007-2008**

BOARD OF DIRECTORS

Mr. P. M. Patel	-	Chairman
Mr. P. B. Patel	-	Managing Director
Mr. P. C. Amin		
Mr. H. S. Parikh		
Mr. N. S. Patel		
Mr. U. M. Patel		
Mr. A. M. Deshpande	-	Wholetime Director

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs. Talati & Talati
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Anand

REGD. OFFICE & WORKS

Vallabh Vidyanagar
Gujarat - Pin 388 120

REGISTRAR & SHARE TRANSFER AGENTS**Mumbai Office**

M/s. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078

Vadodara Office

M/s. Intime Spectrum Registry Ltd.
1st Floor, 308, Jaldhara Complex
Opp. Manisha Society
Off Old Padra Road, Vasna Road
Vadodara - 390 015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Tuesday, the 29th July, 2008 at 3.00 P.M. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat state to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. P. M. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. U. M. Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

“Resolved That Mr. Prashantbhai Amin, who was co-opted as an Additional director of the Company by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956, upto the date of forthcoming Annual General Meeting, be and is hereby appointed as a Director of the Company, whose period of office will be liable to retirement by rotation.”

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. P.B.Patel as Managing Director of the Company for a period of five years with effect from 1st April

2009, on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the Company with him which agreement is specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, in accordance with Schedule XIII to the Companies Act, 1956 and/or any amendments and /or modifications including any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government there under from time to time and acceptable to Mr.P.B.Patel or as may be varied by the General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to vary and/or alter and/or modify the terms and conditions relating to remuneration, commission payable and perquisites to be provided for Mr. P.B.Patel as Managing Director in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.”

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr.A.M.Deshpande as Wholetime Director of the Company for a period of five years with effect from 1st January 2009, on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the Company with him which agreement is

specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement, in accordance with Schedule XIII to the Companies Act, 1956 and/or any amendments and/or modifications including any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government there under from time to time and acceptable to Mr. A. M. Deshpande or as may be varied by the General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to vary and/or alter and/or modify the terms and conditions relating to remuneration, commission payable and perquisites to be provided for Mr. A. M. Deshpande as Wholtime Director in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.”

Registered office :
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat - 388120

By order of the Board

Date : 26th May, 2008

Nilesh D. Shelat
Company Secretary

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY/PROXIES FORM/S IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- B. The Register of members & Share transfer Books of the Company will be closed from 15-7-2008 to 19-7-2008. (both days inclusive)
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2008 when declared at the meeting will be paid:
 - a. to those members whose names appears in the Register of Members of the Company on 15-7-2008.
 - b. in respect of shares held in electronics form, to those “deemed members” whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on 14-7-2008.
- D. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- E. The members are requested to bring with them their copy of Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.

Registered Office:
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat - 388120

By order of the Board

Date : 26th May, 2008

Nilesh D. Shelat
Company Secretary

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

ITEM NO.6

Mr. Prashantbhai Amin was appointed as an Additional Director with effect from 25-10-2007 pursuant to Section 260 of the Companies Act, 1956. Mr. Prashantbhai Amin holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. Prashantbhai Amin for appointment as director liable to retire by rotation.

Considering his extensive knowledge, business skills and managerial experience, the Board considers that the appointment of Mr. Prashantbhai Amin will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Prashantbhai Amin none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO.7

The Directors have at their meeting held on 26th May 2008, re-appointed Mr. P.B. Patel as Managing Director, for a further period of 5 years with effect from 1st April, 2009, on the following terms and conditions:

- A) Salary: Rs.3,00,000 (Rupees Three lacs only) per month from 1st April 2009, with annual increment as the Board of Directors may decide.
- B) Commission: As may be decided by the Board of Directors at the end of each year calculated with reference to the net profit of the Company during the financial year, subject to overall ceiling as prescribed in Section 198 and 309 of the Companies Act, 1956.
- C) Perquisites & Allowances: In addition to salary, the Managing Director shall be entitled to perquisites and benefits like accommodation

(furnished or otherwise) or House Rent Allowance in lieu thereof, maintenance and upkeep, monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water, reimbursement of actual expenditure on medical treatment for self and family, leave travel for self and family, club fees, medical/accident insurance, and such other perquisites subject to overall ceiling of remuneration stipulated in section 198 and 309 of the Companies Act, 1956.

Minimum Remuneration: Notwithstanding anything herein contained, where, in any financial year during the currency of tenure of the Managing Director, the Company has no profits or the profits are inadequate, the Company will pay remuneration by way of salary and perquisites as stated above but shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or re-enactment.

All other terms and conditions remain unchanged.

The Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. P. B. Patel under the provisions of Section 302(2) of the Companies Act, 1956.

None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. P. B. Patel himself and Mr. P. M. Patel who is a relative of Mr. P. B. Patel.

Mr. P. B. Patel shall not be subject to retirement by rotation during his tenure in the office as Managing Director of the Company, in accordance with the provisions of the Articles of Association of the Company.

The Board of Directors recommends the resolution for approval of the members.

The draft Agreement, referred to above, to be entered into with Mr. P.B.Patel is available for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m and 1.00 p.m on all working days, except Sundays till the date of the Annual General Meeting.

ITEM NO. 8

The Directors have at their meeting held on 26th May 2008, re-appointed Mr.A.M.Deshpande as Whotetime Director, for a further period of 5 years with effect from 1st January, 2009, on the following terms and conditions:

- A) Salary: Rs.2,25,000 (Rupees Two lacs Twenty five Thousand only) per month from 1st January 2009, with annual increment as the Board of Directors may decide.
- B) Commission : In addition to salary, one percent commission on the net profits of the company computed in the manner laid down in section 309(5) of the Companies Act,1956 subject to a ceiling of Rs.18 lacs per annum whichever is less.
- C) Perquisites & Allowances: Company's contribution to provident Fund, Superannuation Fund, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of earned leave at the end of tenure shall not be included in computation of perquisites

Minimum Remuneration: Notwithstanding anything herein contained, where, in any financial year during the currency of tenure of the Wholetime Director, the Company has no profits or the profits are inadequate, the Company will pay remuneration by way of salary and perquisites as stated above but shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or re-enactment.

All other terms and conditions remain unchanged.

The Wholetime Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. A.M.Deshpande under the provisions of Section 302(2) of the Companies Act,1956.

None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. A.M.Deshpande himself.

The Board of Directors recommends the resolution for approval of the members.

The draft Agreement, referred to above, to be entered into with Mr. A.M.Deshpande is available for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m on all working days, except Sundays till the date of the Annual General Meeting.

By order of the Board,

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

Date : 26th May, 2008

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

To:
The Members of EIMCO ELECON (INDIA) LTD.

The Directors have pleasure in presenting their 34th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2008.

1. FINANCIAL RESULTS

	31-03-2008	31-03-2007
	(Rs.)	(Rs.)
Profit before Depreciation, & Provision for Taxation	278,596,036	205,497,771
Less: Depreciation	74,276,749	76,450,094
PROFIT BEFORE TAX	204,319,287	129,047,677
Less : Provision for Taxation and Deferred Tax and Fringe Benefit Tax	70,973,935	42,258,980
PROFIT AFTER TAX	133,345,352	86,788,697
Add : Balance brought forward from last year	25,300,375	22,132,206
	158,645,727	108,920,903
APPROPRIATED AS		
Proposed DIVIDEND	23,073,540	20,189,348
Tax on distributed Profit	3,921,348	3,431,180
Transfer to General Reserve	100,000,000	60,000,000
Balance Carried Forward	31,650,839	25,300,375
Total	158,645,727	108,920,903

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of Rs.1,190.34 million (previous year Rs. 989.70 million). The net profit stood at Rs.133.34 million (previous year Rs. 86.78 million).

During the year your company sold two continuous mining packages.

3. DIVIDEND

Your directors recommend for your consideration a dividend of 40% for the year ended 31st March, 2008.

4. INSURANCE

The whole of the properties of the company have been suitably insured.

5. FIXED DEPOSITS

Four Deposits aggregating to Rs.74,000 though matured were not claimed as on 31st March 2008.

6. DIRECTORS

Mr. P. M. Patel and Mr. U. M. Patel retire by rotation and, being eligible, offer themselves for reappointment. A brief profile of these Directors is appearing in Annexure 4 to this Report.

During the year Mr. Werner Kraher and Mr. Hakan Kingstedt, Directors, resigned from the Board of Directors of the Company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. Werner Kraher and Mr. Hakan Kingstedt.

Mr. Prashantbhai Amin has been appointed as Additional Director w.e.f. 25th October 2007 and will hold office as Additional Director upto Annual General Meeting. Notice together with deposit has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing Mr. Prashantbhai Amin's appointment in the ensuing Annual General Meeting as Director of the Company liable to retire by rotation. A brief profile of Mr. Prashantbhai Amin is appearing in Annexure 4 to this Report.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2. that the directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
3. that the directors have taken proper and sufficient care of 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;
4. that the directors have prepared the annual accounts on a going concern basis.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company is given in the Management's Discussion and Analysis appearing as Annexure 5 to this Report.

9. CORPORATE GOVERNANCE

Your Company has always striven to incorporate appropriate standards for good Corporate Governance. It has taken adequate steps to ensure that the provisions of Corporate Governance as prescribed under the Listing Agreements with the Stock Exchanges, are complied with.

A detailed report on Corporate Governance is appearing as Annexure 3 to this Report along with the Auditors' Certificate on its compliance by the Company.

10. PERSONNEL

Industrial relations in the Company were cordial throughout the year under review. The Board of Directors of the Company wishes to place on record its sincere appreciation for the continued support and good work of all employees.

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure 1 to the Directors' Report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

The particulars required to be disclosed in this report pursuant to the provision of Section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 2 forming part of this report.

12. AUDITORS

The Company's Auditors, Messrs Talati & Talati, retire and being eligible, offer themselves for reappointment. The members are requested to appoint Auditors for the current year and fix their remuneration.

13. ACKNOWLEDGEMENT

The Board records its thanks to the Company's Bankers, Financial Institutions, Government, Collaborators and other agencies for their support extended to the Company and look forward to their continued support.

For and on behalf of the Board

P. B. Patel
Managing Director

A. M. Deshpande
Wholetime Director

Place : Mumbai
Date : 26th May, 2008

ANNEXURE –1 TO DIRECTORS’ REPORT- ITEM NO.10

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors’ Report for the financial year ended 31st March 2008.

(A) Name of employees employed throughout the year :

Sr. No.	Name	Age Yrs.	Qualification	Date Of Joining	Designation	Nature Of Duty	Remuneration Received		Experience (yrs)	Last Employment & Designation
							Gross	Net		
1.	Shri P. B. Patel	50	BE (Mech.) M.B.A	01-04-06	Managing Director	Overall Management	95,59,900	62,36,260	32	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	58	ME (Mech.)	10-10-03	Whole time Director	Overall Management	46,47,920	25,96,644	35	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager-Engg.)

Notes:

1. The appointment of both the above Directors are contractual.
2. Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company’s contribution to Provident Fund, Superannuation and Gratuity Fund, Retirement Benefits, monetary value of perquisites in accordance with the provisions of the Income Tax Act, 1961.
3. Experience includes number of years service elsewhere, wherever applicable.
4. Mr. Prayasvinbhai Patel, Managing Director of the Company is a relative of Mr. Pradipbhai M. Patel, Director of the Company.

ANNEXURE - 2 TO DIRECTORS' REPORT - ITEM NO.11

Particulars required to be disclosed in the report of Board of Directors pursuant to section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' report for the year ended 31st March, 2008.

[A] Conservation of energy :

The steps taken in respect of energy conservation are, provision of capacitors for electric supply system to improve power factors, replacement of sodium vapour lamps in place of mercury vapour lamps, reduction in ceiling height by providing false ceiling and insulation with thermocole wherever required, preventive maintenance, switching off power supplies during recess/lunch time. These continuous & cautious efforts have saved energy cost to the company.

[B] Technology absorption :

Form B (rule 2)

Research & Development (R&D)

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

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

3. Expenditure:

- | | |
|------------------------------|----------------|
| 1. Capital | : Rs. Nil |
| 2. Recurring | : Rs.61,27,568 |
| 3. Total R & D expenditure | |
| Percentage of total turnover | : 0.51 % |

[C] Technology absorption, adaptation & innovation:

1. Efforts, in brief, made towards technology absorption, adaptation & innovation.

The technologies so far imported by the Company have been absorbed and adapted/innovated to suit them to the Indian mining conditions by the active involvement of our R & D Department.

2. Benefits derived as a result of above efforts
Absorption, adaptation & innovation of imported technology have lead to less dependence on imports of these products. This has saved a considerable amount of foreign exchange & cost of production.

3. Technology imported

[a] Year of Imports: The company has signed two Collaboration Agreements as mentioned below:

- (i) Agreement dated 2-7-2004 with Voest-Alpine Bergtechnik Ges.m.b.H., Austria for manufacture of ACM-10-continuous miner.
- (ii) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.

[b] Whether technology fully absorbed:

Transfer of Technology for the above mentioned products is in progress.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs 709,408 and continues to make efforts to push up exports.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs.176,859,620	Rs 709,408

For and on behalf of the Board

1. Capital	: Rs. Nil	P. B. Patel	A. M. Deshpande
2. Recurring	: Rs.61,27,568	Managing Director	Wholetime Director

3. Total R & D expenditure	Place : Mumbai
Percentage of total turnover : 0.51 %	Date : 26 th May, 2008

Corporate Governance Report

ANNEXURE 3 TO THE DIRECTORS' REPORT - ITEM NO.9

1. Company's philosophy

The Company is committed to good Corporate Governance. The mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges have been fully implemented by your Company. The Company firmly believes in the rights of its stakeholders to information regarding the Company's business and financial performance.

2. Board of Directors (the Board)

During the year 2007-2008, four (4) Board Meetings were held i.e. on

11th May 2007
 16th July 2007
 25th October 2007
 29th January 2008

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 16th July, 07	No. of other Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public companies	
						Member	Chairman
1	Mr. P. B. Patel	MD (P)	4	Yes	12	Nil	Nil
2	Mr. H. S. Parikh	NED (I)	4	Yes	3	4	4
3	Mr. P. M. Patel	NED (P)	4	Yes	3	4	Nil
4	Mr. N. S. Patel	NED (I)	2	Yes	Nil	Nil	Nil
5	Mr. U. M. Patel	NED (I)	2	Yes	4	1	Nil
6	Mr. A. M. Deshpande	WTD	4	Yes	1	Nil	Nil
7	Mr. P. C. Amin	NED (I)	2	No	7	Nil	Nil

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Wholetime Director

Personal Shareholding of Non-Executive Directors is as follows:

No. of Equity shares as at the year end

Mr. P. M. Patel	NIL
Mr. H. S. Parikh	300 Shares
Mr. N. S. Patel	NIL
Mr. U. M. Patel	NIL
Mr. P. C. Amin	1200 Shares

3. Audit Committee

The composition of the Audit Committee is as under:

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P.M.Patel	Member	NED-P
Mr. P. C. Amin	Member	NED-I

The Wholetime Director, Company Secretary, Head of Accounts, Internal Auditors and Statutory Auditors are invitees to the Meetings.

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on			
	11 th May 2007	16 th July 2007	25 th October 2007	29 th January 2008
Mr. H. S. Parikh	Yes	Yes	Yes	Yes
Mr. P. B. Patel	Yes	Yes	Yes	Yes
Mr. P. M. Patel	Yes	Yes	Yes	Yes
Mr. N. S. Patel	Yes	Yes	No	No
Mr. P. C. Amin	No	No	No	No

4. Remuneration Committee

The composition of the Remuneration Committee is as under :

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P. C. Amin	Member	NED-I

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 11 th May 2007
Mr. H. S. Parikh	Yes
Mr. N. S. Patel	Yes
Mr. P. B. Patel	Yes
Mr. P. C. Amin	No

The details of remuneration paid to Managing Director and Wholetime Director are as under :

Name	Salary (Rs.)	Perquisites (Rs.)	Commission	Total (Rs.)	Period of contract
Mr. P. B. Patel Managing Director	Rs. 250,000 p.m.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956 - Nil	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956	30,00,000+	3 years from 01-04-06 to 31-03-09
				55,00,000	
				85,00,000	
Mr.A.M.Deshpande Wholetime Director	Rs.200,000 p.m.	Nil	1% of net profit of the company or Rs.14,00,000 which ever is less per annum.	24,00,000 +	3 years from 01-01-06 to 31-12-08
				14,00,000	
				38,00,000	

Bonus	Nil
Stock Options	Nil
Pension	Nil
Others	Nil

The Non-Executive Directors do not draw any remuneration from the Company Other than sitting fees for attending Board/Committee Meetings.

The details of remuneration paid to Non-Executive Directors are as under :

Name	Sitting Fees		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. P. M. Patel	40,000	30,000	70,000
Mr. N. S. Patel	20,000	30,000	50,000
Mr. H. S. Parikh	40,000	50,000	90,000
Mr. Hakan Kingstedt	10,000	Nil	10,000
Mr. U. M.Patel	20,000	Nil	20,000
Mr. P. C. Amin	20,000	Nil	20,000

5. Investors Grievance Committee / Shareholders Committee

With effect from 21st July 2001, the Board of Directors has appointed an Investors Grievance Committee/Shareholders Committee comprising following Directors :

Mr. H.S. Parikh	Member	NED-I
Mr. P.B. Patel	Member	MD-P
Mr. N.S. Patel	Chairman	NED-I
Mr. N.D. Shelat	Secretary & Compliance Officer	Company Secretary

i.	Number of shareholder's complaints received so far	Three
ii.	Number of complaints not solved to the satisfaction of the shareholders	Nil
iii.	Number of pending complaints	Nil

6. General Body Meetings

Year	Venue	Date	Time
2006-2007	Registered Office at Vallabh Vidyanagar, Gujarat	16-07-2007	03.30 p.m.
2005-2006	-do-	12-09-2006	11.00 a.m.
2004-2005	-do-	28-09-2005	03.00 p.m.

In any of the above three years, no special resolution was put through voting or postal ballot.

7. Disclosures

	Disclosures	
i.	Materially significant related party transactions.	There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives, etc. which have potential conflict with the interests of the company at large.
ii.	Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last 3 years.	Nil
iii.	Whistle Blower Policy	Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. No employee of the Company has been denied access to the Audit Committee.
iv.	Compliance of mandatory and non-mandatory Requirement of Clause 49	The Company has complied with all the mandatory requirement of Clause 49 and has also complied with one of the non-mandatory requirement viz, setting up of Remuneration Committee.

8. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company has certified to the Board as required.

9. Means of Communication

i.	Half yearly report sent to each shareholders residence.	No
ii.	In which newspapers quarterly results were normally published.	Business Standard (English) Janasatta (Gujarati)
iii.	Any website where results or official news are displayed.	www.eimcoelecon.in
iv.	The presentation made to institutional investors or to the analysts.	No.
v.	Whether Management Discussion and Analysis is part of Annual Report or not	Yes, contained in the Directors' Report

10. General Shareholder Information

- | | | |
|------|----------------------------|--|
| i. | AGM – date, time and venue | Tuesday, the 29 th July 2008 at 3.00 p.m. at Regd. Office at Vallabh Vidyanagar |
| ii. | Financial year | 2007-2008 (year ending 31-03-2008) |
| iii. | Book Closure Date | 15 th July 2008 to 19 th July 2008 (both days inclusive) |
| iv. | Dividend payment date | 1 st August 2008 |

v. Listing on Stock Exchanges

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

Bombay Stock Exchange Limited

P. J. Towers

25th Floor

Dalal Street

Mumbai – 400 001

The National Stock Exchange of India Limited

Exchange Plaza, 5th floor

Plot No. C/1, G Block

Bandra-Kurla Complex

Bandra (E)

Mumbai - 400 051

The listing fee for the year 2007-2008 for the above Stock Exchanges has been paid in time and there being neither de-listing nor suspension of company's shares from trading during the period under review.

vi. Stock Code

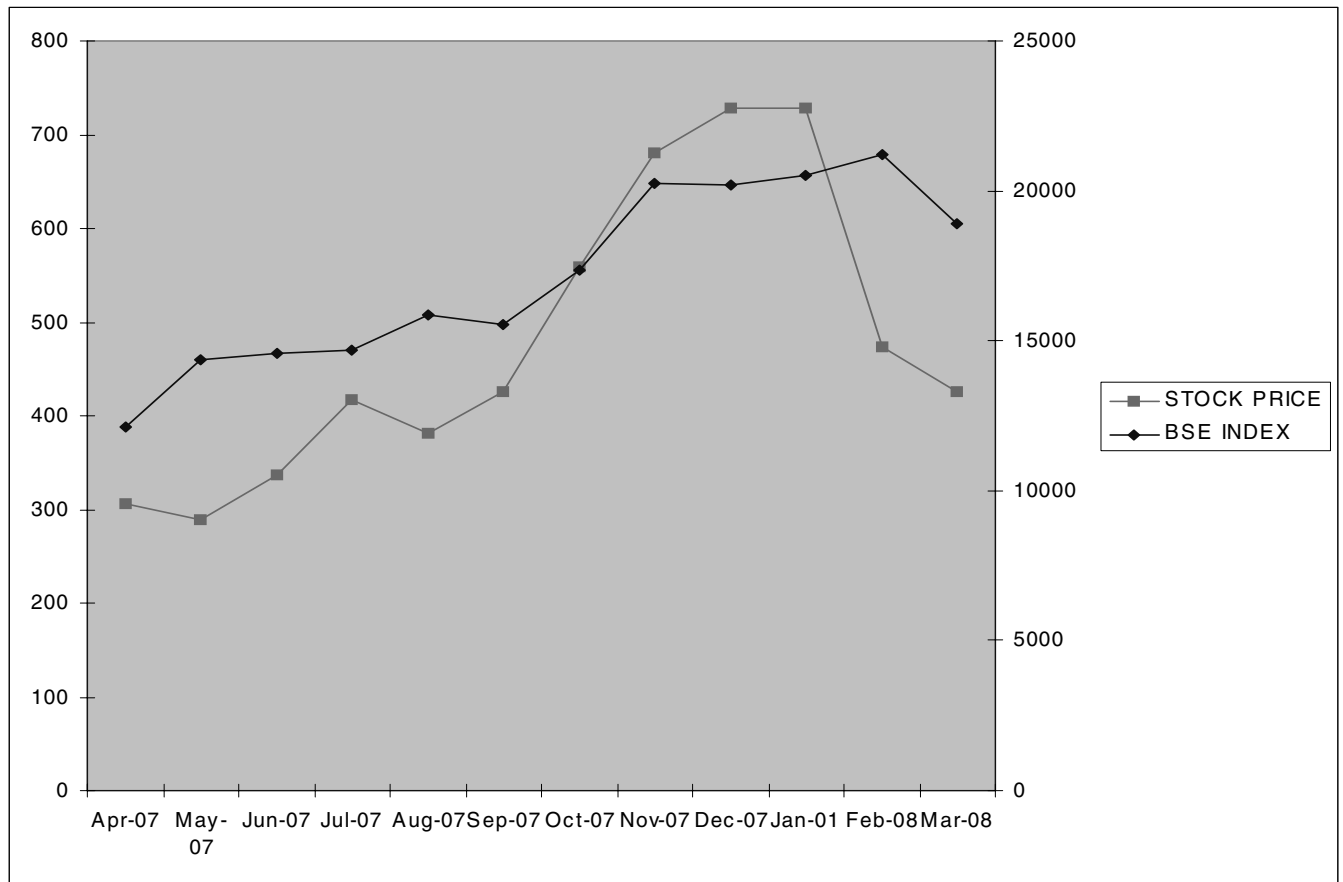
The Stock Code of company's shares is as follows :

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

vii. Market Price Data

	Bombay Stock Exchange Ltd.			BSE Index		National Stock Exchange of India Ltd.		
	High	Low	Volume	High	Low	High	Low	Volume
Month	(Rs.)	(Rs.)				(Rs.)	(Rs.)	
Apr 2007	306.70	263.15	26168	14383.72	12425.52	299.00	263.50	81435
May 2007	288.90	266.00	8116	14576.37	13554.34	289.00	267.00	9848
Jun 2007	336.85	253.25	56929	14683.36	13946.99	318.55	246.00	18713
Jul 2007	416.55	310.05	109083	15868.85	14638.88	415.00	301.00	49160
Aug 2007	381.00	314.10	44622	15542.40	13779.88	382.00	315.00	130422
Sep 2007	425.00	368.10	98496	17361.47	15323.05	430.00	365.00	75373
Oct 2007	559.75	355.00	180908	20238.16	17144.58	555.70	357.00	98817
Nov 2007	680.25	525.10	135625	20204.21	18182.83	675.55	526.00	65654
Dec 2007	727.45	640.00	46867	20498.11	18886.40	730.00	640.00	17577
Jan 2008	729.00	450.00	51691	21206.77	15332.42	749.00	453.00	13990
Feb 2008	473.50	368.15	35935	18895.34	16457.74	479.00	380.00	9582
Mar 2008	424.90	280.10	94015	17227.56	14677.24	428.00	256.00	15982

viii. Index graph



ix. Share Transfer System

No. of Transfers during the year : 51
 No. of Shares transferred : 5850

x. Distribution of shareholding as on 31-03-2008 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-250	4284	91.50	412473	7.15
251-500	193	4.12	70772	1.23
501-1000	76	1.62	61679	1.07
1001-2000	46	0.98	62834	1.09
2001-3000	19	0.41	48174	0.83
3001-4000	7	0.15	25532	0.44
4001-5000	13	0.28	60627	1.05
5001-10000	20	0.43	139918	2.43
10001 & above	24	0.51	4886376	84.71
Total	4682	100.00	5768385	100.00

EIMCO ELECON (INDIA) LIMITED

xi. Shareholding Pattern as at 31st March 2008

	Category	No. of shares held	% of Shareholding
A	Promoter's holding		
1.	-Indian promoters	2765845	47.9483
	-Foreign Promoters	1447875	25.1002
2.	-Persons acting in concert	6800	0.1179
	Sub-total	4220520	73.1664
B.	Non-Promoters Holding		
3.	Institutional investors		
a.	Mutual Funds and UTI Banks, Financial Institutions Insurance companies (Central/State Government Institutions / Non-Government Institutions)	348323 100	6.0385 0.0017
b.	Foreign Institutional Investors	Nil	Nil
	Sub-total	348423	6.0402
4.	Others		
a.	Private corporate bodies	150079	2.6018
b.	Indian Public	888910	15.4100
c.	Non-Resident Indians	16697	0.2895
d.	Any other	143756	2.4921
	Sub-total	1199442	20.7934
	GRAND TOTAL	5768385	100.00

xii. Dematerialization of shares and liquidity.

As directed by SEBI, trading in the shares of the company have compulsorily to be in dematerialized form for all the investors with effect from 26-6-2000.

As on 31st March 2008, 71.73% (4137745 Shares) have been dematerialized.

xiii. Outstanding GDR/ADR/Warrants or convertible instruments :

Nil

xiv. Plant location : Eimco Elecon (India) Ltd.
Anand-Sojitra Road
Vallabh Vidyanagar – 388 120
Dist. Anand, Gujarat

xv. Address for correspondence: As above

xvi. Registrar & Share Transfer Agents

Mumbai Office :
M/s. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078

Vadodara Office :
M/s. Intime Spectrum Registry Ltd.
1st floor, 308, Jaldhara Complex
Opp. Manisha Society
Off Old Padra Road, Vasna Road
Vadodara - 390 015

Note on appointment or reappointment of Directors :
ANNEXURE – 4 TO DIRECTORS’ REPORT - ITEM NO.6

1. Shri Pradipbhai M. Patel

The Board had appointed Shri Pradipbhai M. Patel as a Director of the company with effect from 11th January 1996, liable to retire by rotation. Shri P. M. Patel is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Shri P.M.Patel is MBA and 61 years of age. He is associated with the Bearing Industry for over three decades. His other Directorships and committee Memberships of other companies are as under.

Company	Position	Committee Memberships	Chairman/Member
ABC Bearings Ltd.	Managing Director	Transfer-cum-shareholders’/ investors’-cum Grievance Committee	Member
Elecon Engineering Co.Ltd.	Director	Audit Committee Shareholders/ investor’ Grievance Committee Remuneration Committee	Member Member Member

2. Shri Upendrabhai M.Patel

The Board had appointed Shri.Upendrabhai M. Patel as a Director of the company with effect from 23rd December, 2005 liable to retire by rotation. Shri Upendrabhai M. Patel is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Shri Upendrabhai M. Patel is B.SC & M.B.A. His other Directorships and Committee Memberships of other companies are as follows :

Company	Position	Committee Memberships	Chairman/Member
Shri Dinesh Mills Ltd.	Managing Director	Nil	Nil
Elecon Engineering Co.Ltd.	Director	Nil	Nil
Gujarat JHM Hotels Ltd.	Director	Audit Committee	Member
Dinesh Remedies Ltd.	Director	Nil	Nil

3. Shri Prashantbhai Amin

Shri Prashantbhai Amin was appointed as an Additional Director with effect from 25-10-2007. Shri Prashantbhai is 52 years old and holds Masters Degree in Finance from the University of Wisconsin. He also holds a Masters Degree in Engineering and Management from the Birla Institute of Technology & Science, Pilani, India. His appointment in the company may be regularized in the ensuing Annual General Meeting.

Shri Prashantbhai’s Directorships in other companies are as under :

Sr. No.	Name of Company	Position	Committee Memberships
1.	Ringspann Elecon (I) Ltd.	Director	Nil
2.	Akaaish Mechatronics Ltd.	Director	Nil
3.	Emtici Engineering Ltd.	Wholetime Director	Nil
4.	Prayas Engineering Ltd.	Director	Nil
5.	Elecon Information Technology Ltd.	Director	Nil
6.	Power Build Ltd.	Director	Nil
7.	Power Build Elecon Gears Ltd.	Director	Nil

Declaration regarding affirmation of Code of Conduct

In terms of the requirement of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and senior management personnel have affirmed Compliance with the code of Conduct for the year ended 31st March, 2008.

Mumbai
26th May, 2008

P. B. Patel
Managing Director

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).

TO,
The Members of
EIMCO ELECON (I) LTD.
Anand-Sojitra Road
Vallabh Vidyanagar – 388 120
Dist. Anand, Gujarat

We have examined the compliance of conditions of corporate governance of EIMCO ELECON (I) LTD. for the year ended 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company as on March 31, 2008, there were no investor grievance matters against the company remaining unattended/pending for more than 30 days.

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

For and on behalf of
TALATI & TALATI
Chartered Accountants

Place : Ahmedabad
Date : 26th May, 2008

Umesh H. Talati
Partner

Management's Discussion and Analysis

ANNEXURE 5 TO DIRECTORS' REPORT - ITEM NO.8

INDUSTRY STRUCTURE AND DEVELOPMENT

COAL MINING

India is the third largest coal producer country in the world. In India, 80% of mining is in coal and the balance 20% is in various metals and other raw materials such as gold, copper, iron, lead, bauxite, zinc and uranium.

Coal is the dominant commercial fuel, meeting half of commercial primary energy demand and a third of total energy needs. According to IEA projections, coal will remain the dominant fuel in India's energy mix through to 2030. Demand is projected to grow from 430 MT in 2006-07 to 2223 MT in 2030-31. The rate of growth implied in this forecast of coal demand is around 6.50% per year as against 5.2% achieved in the past 25 years.

The power sector will be the main driver of India's coal consumption – currently around 68% of India's electricity is generated from coal, although this share is expected to decline slightly to 64% by 2030-31. Primary energy demand has grown over the last thirty years at an average of rate of 3.6% a year. Projected rate of increase in electricity consumption - estimated at as much as 8-10% annually through to 2020 - is one of the highest in the world.

FUTURE SCENARIO

Indian coal production reached 430 MT in 2006-07. Subsidiaries of Coal India and Singareni Collieries Company Limited operate around 565 and 58 mines respectively which amounts to approx. 94% of total country coal production at present. 85% of coal production in India comes from opencast mines.

A total 229 coal blocks with Geological Reserve of about 50 Billion Te (BT) identified for allocation for captive operation, out of which 172 coal blocks with reserves of 38.78 billion tonnes have been allotted to various private and public sector companies. A very ambitious programme of achieving 104 MT by 2011-12 from captive mining blocks envisaged in XI Five Year-Plan.

The work group on coal for XIth five year plan have projected a demand of 731 MT by 2011-12, however production of coal expected to reach up to 680 MT by that period, registering a compound annual growth of 9.47%. This demand of coal is exclusive of lignite consumption.

The Ministry of Coal has emphasized the production of coal from underground mining by introduction of modern methods of mining, which have been successfully adopted in other countries. This will help to increase productivity and will reduce the production cost in underground mines. This will also help recovery percentage of the coal from underground mines. The Committee, has recommended the launch of a specially designed "UG COAL INITIATIVE" to increase the share of underground mine production in the country from the present limit of 15% to 25 % in the next fifteen years time period.

At present in CIL, has a mix of manual, semi-mechanized and mechanized underground mines, and intends to move towards 100% mechanized mines. The thrust areas expected to be the selective replacement of the intermediate technology with higher degrees of mechanization like, Continuous Miner (CM) technology etc. This will provide a judicious mix of Bord & Pillar (B&P) with CM, B&P with SDL/LHD combination, and other special mining methods. CIL has lined up Rs. 5000 crore capital expenditure in the eleventh plan to acquire continuous miner, longwall faces, and other machineries to enhance the production from underground mines from the existing 43 MT to 67 MT.

The major chunk of the investment expected to be channelized to South Eastern Coalfields Limited and Western Coalfields Limited. This includes acquisition of 40 continuous miners, opening new longwall faces, and acquisition of other modern machineries to reduce the cost of underground production from Rs.1,800 per tonne to approximately Rs.1,000 per tonne.

It is expected that copper, zinc, gold, uranium and manganese should continue to do well in the current financial year.

Your company is being pioneer in Underground Mining Equipment and first to introduce intermediate technology in Indian Mines long back, took a timely decision to meet challenges of future by introduction of Low Cost Continuous Miner for Mechanization of underground coal mines in India for higher productivity.

Your company is now further adding underground drill machines, higher capacity of LHD's etc. for higher degree of mechanization of underground mines.

Your company will further consolidate its position in market for Blast Hole Drills for Opencast Mines. It is expected that the new products would result in increased business commensurate with the growth of the segment.

CONSTRUCTION

Construction is a keystone of growth in developing economy of India. Over the past five years, with an annual average investment of over 3 trillion, construction has clocked growth rates of between 10 and 15%. At present, the sector contributes nearly 12% of the Indian GDP, the second largest contributor after agriculture, and has been instrumental in GDP growth edging up towards double digits.

Despite its significance as an economic driver, the sector is scattered, unorganized and undere-mphasized in its nature. As a result, it displays low productivity, attracts inadequate investment and delivers inferior quality. Only recently has there been an attempt by the industry and government to jointly address issues, set priorities and build a framework for improvement because projects are also increasing in size and complexity.

FUTURE SCENARIO

The Construction Industry Development Council (CIDC) estimates that Rs.14,500 billion worth of investment will be made in construction across all sectors over 2007-12. The biggest chunk of this, 29% will be in power, followed by 21% in railways and 18% in roads and bridges.

The construction equipment is among the main beneficiaries of the boom in construction. Construction equipment constitutes the biggest component of construction costs only after construction materials.

The present size of construction equipment industry is Rs.107 billion and has grown at a rate of over 30%. The industry is further expected to grow at a rate of 15-20% over the next two years.

Wheel Loaders are commonly used in construction, civil engineering and quarrying sectors for handling materials around sites. There are various reasons for the growth in Loaders market, the most fundamental being the economic reforms and the expansion of private contractual work in the mining and quarrying sectors, change in working habits with the use of mechanical handling replacing manual labour.

It is expected that copper, zinc, gold, uranium and manganese should continue to do well in the current financial year.

OPPORTUNITY AND THREATS

Your company is set to launch, state-of-the-art Wheel Loader Model AL 120 in current financial year, this will open up a new segment for your company's business. The continuous miner model ACM 10 is likely to get approval for regular use in underground mines and regular production is expected to commence in current financial year. The 160 mm. Drill is likely to get approval for regular use in opencast coal mines. The field trials of underground drill and new model 621 & 635 Side Discharge Loaders likely to be completed.

The launching of Wheel Loader for Indian market to serve the construction industry will start a new era for your company and it will reduce the company's dependency on mining segment to a considerable extent in near future.

The implementation of most modern manufacturing process has reduced the throughput time, generated additional machinery capacity without any new additions. Along with this, the alternate source of procurement for brought-out items resulted in optimizing our manufacturing cost of some of our products.

OUT LOOK FOR THE COMPANY

With the all-round revival of coal companies and introduction of the new products for mining sector as-well-as for booming construction sector, your company is expected to do better in coming years.

RISK AND CONCERNS

Since most of the new products are in the introductory stage, the main risk and concern of the company remains that it is almost entirely dependent virtually on Government client for some more time.

The new product is being introduced for construction sector, is first in its class in the country and has to create market for itself, where it may have to compete with low priced & lower technology products.

INTERNAL CONTROL SYSTEM

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

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

Company attaches utmost priority to human resource development with focus on regular upgradation of the knowledge and skills of all employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully. The company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Industrial relations of the company continue to be cordial.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH
RESPECT TO OPERATIONAL PERFORMANCE
AND OUTLOOK**

Sales & Other income for the year ended 31st March, 2008 were Rs.1190.34 million as compared to Rs.989.70 million on 31st March, 2007. The net profit stood at Rs.133.34 million (previous year Rs.86.78 million). Consequently, EPS as at 31st March, 2008 was Rs.23.12 as compared to Rs.15.05 for the corresponding period.

CAUTIONARY STATEMENT

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

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

AUDITORS' REPORT

To
The Members
Eimco Elecon (India) Ltd.
Vallabh Vidhyanagar- 388120
Gujarat

1. We have audited the attached Balance Sheet of **Eimco Elecon (India) Ltd.** as at 31st March 2008, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
 - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For TALATI & TALATI
Chartered Accountants

AHMEDABAD
DATE : 26th May, 2008

(UMESH H.TALATI)
Partner
Mem.No. 34834

ANNEXURE**RE: Eimco Elecon (India) Ltd.**

Vallabh Vidhyanagar- 388120
Gujarat

Referred to in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any major part of the Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of the company, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) There was one company covered in the register maintained u/s.301 to whom the company has granted unsecured loan. The maximum amount outstanding during year was Rs.1,40,00,000/- and the year end balance of loan granted to such party was Rs.Nil.
- (b) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans granted to companies listed in the register maintained u/s.301 of the Companies Act, 1956.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no continuing failure to correct major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Act. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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- | | |
|--|--|
| <p>(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.</p> <p>(ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.</p> <p>(b) According to the records of the company, there are no dues of sales tax, income-tax, custom duty, wealth tax, service tax, excise duty/cess, which have not been deposited on account of any dispute except in the case of Income Tax Act of Rs.11,843,792/- and in case of Excise Duty of Rs.1,399,070/- which have not been paid as the same are under dispute. This dispute is pending with Commissioner (Appeals), and in case of Sales-tax, the company has obtained a stay from High Court against demand of Rs.30,437,143/- by the Sales Tax Department against interest on sales tax deferment availed by the company.</p> <p>(x) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the banks.</p> | <p>(xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.</p> <p>(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>(xv) In our opinion and explanations given to us the company has not given any guarantee during the year for loans taken by others from financial institutions or banks.</p> <p>(xvi) The term loans have been applied for the purpose for which they were raised.</p> <p>(xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no significant funds raised on short-term basis have been used for long-term investment by the company.</p> <p>(xviii) The Company has not made any preferential allotment of shares to any parties and Companies covered under the register maintained u/s.301 of the Act.</p> <p>(xix) During the period covered by our audit report, the Company has not issued any debentures.</p> <p>(xx) The company has not raised any money out of public issue. Moreover the Company has not received any fresh public deposit during the year.</p> <p>(xxi) We report that no fraud on or by the Company has been noticed or reported during the course of our audit.</p> |
|--|--|
- For TALATI & TALATI
Chartered Accountants
- (UMESH H.TALATI)
Partner
Mem. No. 34834
- AHMEDABAD
DATE : 26th May, 2008
-

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	Amount Rupees	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	1,007,822,714		903,826,769
			1,065,506,564	961,510,619
Loan Funds				
Secured Loans	3	25,467,181		162,967,181
Unsecured Loans	4	47,385,439		71,872,416
			72,852,620	234,839,597
Deferred Tax Liability(Net)			45,102,039	52,833,730
	Total ...		1,183,461,223	1,249,183,946
APPLICATION OF FUNDS				
Fixed Assets	5	900,674,674		871,239,418
Less: Depreciation		503,351,885		430,540,841
Net Block		397,322,789		440,698,577
Capital Work in Progress		4,072,321		8,670,000
Net Block			401,395,110	449,368,577
Investments	6		89,590,905	23,716,914
Current Assets, Loans and Advances				
Inventories	7	480,206,735		503,725,479
Sundry Debtors		255,232,460		286,102,207
Cash and Bank Balances		49,671,837		93,569,261
Loans and Advances		57,977,352		56,015,041
		843,088,384		939,411,988
Less : Current Liabilities and Provisions	8			
Current Liabilities		117,585,332		134,770,155
Provisions		33,027,844		28,543,378
		150,613,176		163,313,533
Net Current Assets			692,475,208	776,098,455
Notes to the Accounts	12	Total...	1,183,461,223	1,249,183,946

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants

UMESH H. TALATI
Partner
Membership No.34834

Ahmedabad
Date : 26th May, 2008

Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board

Mr. P. B. Patel Managing Director
Mr. H. S. Parikh Director
Mr. A. M. Deshpande Wholetime Director

Mumbai
Date : 26th May, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	Amount Rupees	For the year ended 31.3.2008 Rupees	For the year ended 31.3.2007 Rupees
INCOME				
Gross Sales			1,232,818,621	1,023,267,654
Less : Excise Duty			<u>70,038,595</u>	<u>63,943,246</u>
Net Sales			1,162,780,026	959,324,408
Other Income	9		<u>27,564,926</u>	30,380,845
Total Income			<u>1,190,344,952</u>	<u>989,705,253</u>
EXPENDITURE				
Manufacturing and other expenses	10	896,672,605		765,123,225
Miscellaneous Expenses	11	23,090,511		19,084,257
Depreciation		<u>74,276,749</u>		<u>76,450,094</u>
			<u>994,039,865</u>	<u>860,657,576</u>
PROFIT BEFORE EXTRAORDINARY ITEMS			196,305,087	129,047,677
Add. Income from Extraordinary items : Profit on Sale of Investment			<u>8,014,200</u>	-
PROFIT BEFORE TAX			<u>204,319,287</u>	<u>129,047,677</u>
Provision for Current Tax and Wealth Tax			75,500,000	51,100,000
Provision for Deferred Tax			(6,519,298)	(9,941,020)
Provision for Fringe Benefit Tax			<u>1,993,233</u>	<u>1,100,000</u>
PROFIT AFTER TAX			<u>133,345,352</u>	<u>86,788,697</u>
Add : Balance brought forward			<u>25,300,375</u>	22,132,206
PROFIT AVAILABLE FOR APPROPRIATION			<u>158,645,727</u>	<u>108,920,903</u>
APPROPRIATIONS				
Proposed Dividend			23,073,540	20,189,348
Tax on distributed profits			3,921,348	3,431,180
Transfer to General Reserve			100,000,000	60,000,000
Balance Carried forward			<u>31,650,839</u>	<u>25,300,375</u>
			<u>158,645,727</u>	<u>108,920,903</u>
Notes to the Accounts	12			
Earnings per share(Rs.) Basic & Diluted (Face value of Rs.10 each)			23.12	15.05
As per our report of even date attached For TALATI & TALATI Chartered Accountants			For and on behalf of the Board	
		Nilesh D.Shelat (Company Secretary)	Mr. P. B. Patel Mr. H. S. Parikh Mr. A. M. Deshpande	Managing Director Director Wholetime Director
UMESH H.TALATI Partner Membership No.34834 Ahmedabad Date : 26 th May, 2008			Mumbai Date : 26 th May, 2008	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	AMOUNT RS. 31.03.2008	AMOUNT RS. 31.03.2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND NON-RECURRING ITEMS:	196,305,087	129,047,677
Add:		
1) Depreciation	74,276,749	76,450,094
2) Interest Paid	10,094,154	27,335,585
3) Loss on sale of Fixed Assets	157,367	-
	<u>84,528,270</u>	<u>103,785,679</u>
Less:		
1) Interest Received	4,058,380	4,395,469
2) Dividend Received	1,094,214	519,808
3) Profit on sale of Investments	-	2,186,646
4) Gratuity provision adjustment from General Reserve	3,566,911	-
	<u>8,719,505</u>	<u>7,101,923</u>
OPERATING PROFIT BEFORE CHANGE IN WORKING CAPITAL	272,113,852	225,731,433
Change in Working Capital		
Add / (Less) :		
1) Inventories	23,518,744	67,358,207
2) Trade payable	(13,403,946)	(91,304,424)
3) Trade receivables	30,869,747	85,004,319
4) Loans and Advances	(5,613,316)	-
	<u>35,371,229</u>	<u>61,058,102</u>
Cash generated from operation	307,485,081	286,789,535
Less :		
1) Income Tax (Net)	73,138,634	57,171,676
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	234,346,447	229,617,859
B. CASH FLOW FROM INVESTING ACTIVITIES :		
1) Sale of Fixed Assets	597,414	18,073,782
2) Sale of Investments (Net)	13,714,200	-
3) Interest Received	4,058,380	4,395,469
4) Dividend Received	1,094,214	519,808
	<u>19,464,208</u>	<u>22,989,059</u>
Less :		
1) Purchase of Fixed Assets	27,058,067	20,036,695
2) Purchase of Investments	71,573,991	2,720,000
	<u>98,632,058</u>	<u>22,756,695</u>
NET CASH UTILISED IN INVESTING ACTIVITIES (B)	(79,167,850)	232,364

EIMCO ELECON (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008 (Contd.)

	AMOUNT RS. 31.03.2008	AMOUNT RS. 31.03.2007
C. CASH FLOW FROM FINANCIAL ACTIVITIES:		
Outflow:		
1) Repayment of Borrowings - Secured Loans	137,500,000	125,000,000
2) Repayment of Borrowings - Unsecured Loans	24,486,978	31,789,982
3) Interest paid	10,094,154	27,335,585
4) Dividend Paid	26,994,888	207,746,095
	199,076,020	23,620,528
NET CASH GENERATED IN FINANCIAL ACTIVITIES (C)	(199,076,020)	(207,746,095)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(43,897,423)	22,104,128
Cash and Cash Equivalents as at 01/04/2007	93,569,261	71,465,133
Cash and Cash Equivalents as at 31/3/2008	49,671,838	93,569,261

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants

UMESH H.TALATI
Partner
Membership No.34834

Ahmedabad
Date : 26th May, 2008

Nilesh D.Shelat
(Company Secretary)

For and on behalf of the Board

Mr. P. B. Patel Managing Director
Mr. H. S. Parikh Director
Mr. A. M. Deshpande Wholetime Director

Mumbai
Date : 26th May, 2008

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 1	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SHARE CAPITAL		
Authorised :		
10,000,000 Equity shares of Rs.10 each	100,000,000	100,000,000
Issued :		
5,768,386 Equity shares of Rs.10 each	57,683,860	57,683,860
Subscribed and Paid up :		
5,768,385 Equity shares of Rs.10 each	57,683,850	57,683,850
Total ..	<u>57,683,850</u>	<u>57,683,850</u>

Note :

(Of the above shares 4,187,786 shares are allotted as fully paid Bonus shares by capitalisation of General Reserve)

SCHEDULE - 2	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
RESERVES AND SURPLUS		
Capital Reserve		
As per last Balance Sheet	291,000	291,000
Share Premium		
As per last Balance Sheet	75,383,000	75,383,000
General Reserve		
As per Last Balance Sheet	802,852,393	742,852,394
Less : Gratuity Liability (Net of tax of Rs.1,212,393/-)	2,354,518	-
Add : Transferred from Profit & Loss Account	100,000,000	60,000,000
	900,497,875	802,852,394
Surplus as per Profit and Loss Account	31,650,839	25,300,375
Total ..	<u>1,007,822,714</u>	<u>903,826,769</u>

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SCHEDULE - 3		
SECURED LOANS		
Working Capital Demand Loan from State Bank of India	-	85,000,000
Term Loan from State Bank of India	25,467,181	77,967,181
Total ..	<u>25,467,181</u>	<u>162,967,181</u>

(Note: Cash Credit, Working capital demand loan and Term loan are secured by first charge on the whole of inventories, receivables and book debts and a first charge on whole of immovable properties and plant and machinery of the Company.)

	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	34,084,063	59,588,478
Buyer's credit from Banks	13,301,376	12,189,421
Sales Tax Deferment Account - Wind Mill	-	94,517
Total ..	<u>47,385,439</u>	<u>71,872,416</u>

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE - 5
FIXED ASSETS

A S S E T S	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As at 1st April 2007 Rupees	Additions during the year Rupees	Deduction during the year Rupees	As at 1st April 2007 Rupees	For the year Rupees	On Deduction/ Adjustment Rupees	As at 31st March 2008 Rupees	As at 31st March 2007 Rupees
Freehold Land	1,925,793	-	-	1,925,793	-	-	1,925,793	1,925,793
Buildings	34,608,899	8,943,575	466,960	17,362,015	1,362,280	-	24,361,219	17,246,885
Plant & Machinery	774,823,427	10,779,166	371,800	381,349,645	65,805,966	210,190	338,285,372	393,473,782
Plant & Machinery (Leased)	3,785,280	-	-	3,667,726	-	-	117,554	117,554
Electric Fittings	6,404,175	313,289	-	3,846,038	356,455	-	2,514,971	2,558,139
Office Equipment and Airconditioners	11,863,077	811,857	257,120	7,025,546	738,231	133,393	4,787,430	4,837,533
Furniture and Fixtures	22,736,457	5,625	-	12,809,321	1,798,691	-	8,134,070	9,927,136
Vehicles	10,052,738	1,454,909	1,653,367	3,850,605	1,646,154	1,122,123	5,479,644	6,202,132
Intangible Assets (Technical know how)	5,039,569	9,876,085	-	629,946	2,568,972	-	11,716,736	4,409,623
TOTAL	871,239,415	32,184,506	2,749,247	430,540,842	74,276,749	1,465,706	397,322,789	440,698,577
Previous Year	877,892,805	15,890,216	22,543,603	360,747,214	76,450,094	6,656,467	401,395,110	449,368,577
Capital Work - in - Progress							4,072,321	8,670,000
							401,395,110	449,368,577

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SCHEDULE - 6		
INVESTMENTS (AT COST)		
(Long term, unless otherwise stated)		
Debentures/Bonds (Non-Trade, Quoted)		
6.75% Tax free 19900 Bonds in US-64 Scheme of Unit Trust of India	<u>1,990,000</u>	<u>1,990,000</u>
Trade Investments : UNQUOTED		
— Wizard Fincap Ltd.(249500 Equity Shares of Rs.10 each)	2,495,000	2,495,000
— Power Build Elecon Gears Ltd.(570000 Equity Shares of Rs.10 each)	-	5,700,000
— Eimco Elecon Electricals Ltd. (410000 Equity Shares of Rs.10 each)	4,100,000	3,600,000
— Madhuban Spa Resorts (12000 Equity Shares of Rs.10 each)	120,000	120,000
— Power Build Ltd. Convertible Preference Shares (140000 Equity Shares of Rs.100 each)	14,000,000	-
	<u>20,715,000</u>	<u>11,915,000</u>
Other Investments :		
Non Trade Investments : QUOTED		
— Bank of Baroda (700 Shares of Rs.10 each)	59,500	59,500
— G.E.Shipping Ltd. (4000 Shares of Rs.10 each)	507,100	507,100
— Great Offshore Ltd. (1000 Shares of Rs.10 each)	-	-
— Grasim Industries Ltd. (1000 Shares of Rs.10 each)	1,083,728	1,083,728
— Infosys Ltd. (1856 shares of Rs.5 each)	1,118,225	1,118,225
— Mahindra & Mahindra Ltd. (4400 Shares of Rs.10 each)	895,291	895,291
— Reliance Industries Ltd. (2550 Shares of Rs.10 each)	1,812,863	966,115
— Reliance Communications Limited (3700 Shares of Rs.10 each)	821,595	-
— Reliance Capital Ltd. (110 Shares of Rs.10 each)	-	-
— Reliance Energy Ltd. (165 Shares of Rs.10 each)	-	-
— Reliance Natural Resources Ltd. (2200 Shares of Rs.10 each)	-	-
— State Bank of India (2900 Shares of Rs. 10 each)	2,051,101	1,206,925
— State Bank of India Application Money for Right offer	954,000	-
— Tata Chemicals Ltd (10000 Shares of Rs.10 each)	1,128,848	1,128,848
— Tata Iron and Steel Co. Ltd (10200 Shares of Rs.10 each)	2,685,944	1,433,657
— Tata Iron and Steel Co. Ltd (6750 Cumulative Compulsory Convertible Preference Shares of Rs.100 each)	675,000	-
— Tata Power Ltd (5000 Shares of Rs.10 each)	1,410,000	1,410,000
— Larson & Tubro Ltd (250 Shares of Rs.2 each)	880,130	-
— Siemens Ltd. (900 Shares of Rs.2 each)	800,055	-
Aggregate amount of Quoted investment	<u>16,883,380</u>	<u>9,809,389</u>
[Market value Rs.41,305,455/- (Rs.25,438,501/-)]		
INVESTMENT IN MUTUAL FUND		
ICICI Prudential Liquid Plan	30,000,000	-
Reliance Monthly Interval Fund	20,000,000	-
	<u>50,000,000</u>	<u>-</u>
UNQUOTED (Non -Trade)		
Charotar Gas Sahakari Mandali	2,525	2,525
TOTAL	<u><u>89,590,905</u></u>	<u><u>23,716,914</u></u>

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE - 7
CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
A. CURRENT ASSETS		
Inventories (As certified by the Management) (Refer to Note No.1(d) pertaining to Accounting Policy)		
Raw Materials	26,055,418	8,785,795
Goods in Transit	-	3,086,280
Spares and Components	324,453,281	410,076,361
Work in progress	118,071,943	69,314,398
Finished Goods	11,626,093	12,462,645
	480,206,735	503,725,479
Sundry Debtors (Unsecured considered good)		
Exceeding six months	27,550,539	31,022,200
Other Debts	227,681,921	255,080,007
	255,232,460	286,102,207
Cash and Bank Balance		
Cash on Hand	51,375	114,649
Balances with Scheduled Banks		
In Current Accounts	44,620,462	49,353,230
In Short Term Deposit Account	5,000,000	44,100,000
Balances with Non-Scheduled Banks With Karamsad Urban Co-op.Bank Ltd. [Maximum during the year Rs.1,382 (Rs.1,382/-)]	-	1,382
	49,671,837	93,569,261
B. LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	17,092,028	15,300,589
Interest Accrued	408,002	400,949
Intercompany Deposit	-	14,000,000
Advances to Suppliers	24,149,312	17,519,117
Balance with Excise, Customs Authorities	16,328,010	8,150,484
Income Tax and FBT	-	643,902
(Net of provision of Rs. 328,251,232/- previous year Rs. 252,622,956/-)	57,977,352	56,015,041

SCHEDULES FORMING PART OF THE ACCOUNTS

	Rupees	As at 31.3.2008 Rupees	As at 31.3.2007 Rupees
SCHEDULE - 8			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors			
Due to Micro, Small and Medium Enterprises	4,421,470		7,181,353
Others	110,486,560	114,908,030	110,920,639
Interest Accrued but not due		228,112	1,606,587
Advance from Customers		1,254,250	13,659,839
Unclaimed dividend		1,120,940	1,232,738
Unclaimed Deposits		74,000	169,000
		117,585,332	134,770,156
Provisions			
Proposed Dividend (including tax on dividend)		26,994,888	23,620,528
Provision for Leave Encashment		5,329,366	4,922,850
Income Tax and FBT		703,590	-
(Net of Advance Tax of Rs. 327,547,642/- previous year Rs. 253,266,858/-)		33,027,844	28,543,378
 SCHEDULE - 9			
		For the Year 31.3.2008 Rupees	For the Year 31.3.2007 Rupees
OTHER INCOME			
Job work income		21,713,811	21,004,331
Interest on Deposits (Tax deducted at source Rs.7,80,663/- P.Y Rs.8,16,975/-)		4,058,380	4,136,317
Interest on Income Tax refund		-	259,152
Commission		152,562	1,591,692
Dividend		1,094,214	519,808
Refund of Sales Tax		-	407,070
Foreign Exchange Difference (Net)		545,959	-
Sundry Balances written Back		-	275,829
Profit on Sale of Assets		-	2,186,646
		27,564,926	30,380,845

SCHEDULES FORMING PART OF THE ACCOUNTS

Rupees	For the year ended 31.3.2008 Rupees	For the year ended 31.3.2007 Rupees
SCHEDULE - 10		
MANUFACTURING AND OTHER EXPENSES		
Consumption of Raw Material, Spares & Components	621,056,324	414,878,302
Machining and Labour Charges	21,400,962	17,083,322
Consumption of Stores	15,100,270	11,267,812
Power and Lighting (Net of Wind Turbine Generator income Rs.7,964,427/-) (P.Y.Rs.10,836,795/-)	4,387,872	3,466,577
(Increase)/Decrease in stock		
Opening Stock - Finished Goods	12,462,645	4,438,033
Work in progress	69,314,398	115,955,989
	<u>81,777,043</u>	<u>120,394,022</u>
Less : Closing Stock - Finished Goods	11,626,093	12,462,645
Work in progress	118,071,943	69,314,398
	<u>129,698,036</u>	<u>81,777,043</u>
	(47,920,993)	38,616,979
Repairs & Maintenance		
Plant and Machinery	11,910,191	11,008,536
Building	10,138,233	1,229,474
Others	1,388,764	2,042,392
Computer	4,073,831	3,790,100
	<u>27,511,019</u>	<u>18,070,502</u>
SALARY, WAGES & EMPLOYEE'S BENEFITS		
Salaries, Wages and Bonus	46,005,181	34,066,773
Contribution to Provident and other Funds	2,921,259	3,031,381
Contribution to Gratuity Fund	1,020,365	738,705
Contribution to Superannuation Fund	307,312	2,253,687
Workers and Staff Welfare	2,611,635	2,602,191
	<u>52,865,752</u>	<u>42,692,737</u>
Insurance	2,095,943	4,163,620
Rates and Taxes	2,056,195	2,662,860
Central Excise borne by us	2,593,164	1,350,312
Provision for excise duty on finished goods at factory	(283,341)	1,125,874
Provision for Warranties	5,813,415	4,796,517
Rent	3,768,689	3,509,610
Freight	3,516,410	3,695,360
Compensation to Distributors	133,224,402	134,005,483
Computer Expense	1,497,013	137,784
Travelling and Conveyance	10,663,250	7,708,804
Software licence fees	285,600	6,230,245
Advertisement and Sales Promotion	1,044,705	1,958,922
Managerial Remuneration	14,207,820	10,576,365
Directors' Sitting Fees	260,000	310,000

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS Manufacturing and other Expenses (Cont.)

	For the Year 31.3.2008 Rupees	For the Year 31.3.2007 Rupees
Auditors Remuneration		
Audit Fees	130,000	130,000
Fees for certification work	10,500	8,633
Tax Audit Fees	30,000	30,000
Reimbursement of out of pocket expense	85,602	86,367
	256,102	255,000
Lease Rent	2,620,041	2,626,464
Bank charges	5,029,602	3,740,999
Interest		
On Loans for fixed period	10,094,154	5,487,192
Other (including on deferred payment)	-	21,848,393
	10,094,154	27,335,585
Loss on Foreign Exchange	-	692,535
Bad Debts written off	434,976	1,959,963
LD charges	2,935,892	204,692
Loss on Sale of Assets	157,367	-
	896,672,605	765,123,225

SCHEDULE - 11 MISCELLANEOUS EXPENSES

	For the Year 31.3.2008 Rupees	For the Year 31.3.2007 Rupees
Professional Fees	7,971,260	4,695,628
Works & Office Expenses	1,338,698	1,394,563
Miscellaneous Labour Charges	5,605,023	4,699,557
E.mail & Internet Expenses	1,204,971	861,420
Garden Expense	1,499,255	1,274,979
Training Expense	-	35,000
Donation	1,784,250	2,400,298
Others	3,687,054	3,722,812
	23,090,511	19,084,257

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12

(1) SIGNIFICANT ACCOUNTING POLICIES

[A] BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention and to comply in all material respect with the notified accounting standards by the Companies Accounting standard Rules, 2006 and the relevant provision of Companies Act, 1956.

[B] FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost of acquisition, including any attributable cost of bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment loss if, any.

Depreciation has been provided on Plant & Machinery on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.

For all other assets depreciation has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

An asset purchased on or after 1st April 1993 and where the actual cost does not exceed Rs.5000/- is depreciated at the rate of 100%.

[C] INVESTMENTS

Long Term investments are stated at cost unless there is permanent diminution in value as at the date of the Balance sheet.

[D] INVENTORIES

Inventories are stated at Cost or Net realisable value whichever is lower.

Cost of raw-material, Spares and Components is determined on weighted average basis.

Cost of work in progress and finished goods include cost of raw material, appropriate share of labour and manufacturing overheads and applicable excise duty thereon.

[E] REVENUE RECOGNITION

Sales are recorded net of Excise Duty, VAT and Trade Discount.

All the items of expenses and income are accounted on accrual basis, except Dividend Income, Insurance claims & Commission received which are accounted on cash basis.

[F] OPERATING LEASE

Lease revenue under operating Lease are recognised as income on accrual basis, in accordance with the respective Lease agreements.

[G] RETIREMENT BENEFITS

[I] Payment to defined contribution retirement benefit scheme are charged as an expense as they fall due. For defined benefits schemes, the cost of providing benefits is determined using the projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

The retirement benefits obligation recognised in the Balance sheet represents the present value of defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus present value of available refunds and reductions in future contributions to the scheme.

[II] Voluntary Retirement Scheme

Voluntary Retirement compensation payments are charged to the Profit & Loss Account during the year in which they are incurred.

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 12

[III] **Unutilised leave**

The liability on account of encashment of unavailed accumulated leave of employees as at the balance sheet date is determined based on an actuarial valuation conducted by an independent actuary.

[H] **EXCISE DUTY**

Excise duty payable on production and custom duty payable on imports are included in the value of finished goods inventory/ material lying in Bonded warehouse.

[I] **FOREIGN CURRENCY TRANSACTIONS**

Foreign Currency transaction are recorded in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transactions.

Foreign Currency Monetary items are reported using the closing rate. Non Monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or/on reporting a company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expense in the year in which they arise.

Monetary assets & liabilities denominated in foreign currency remaining unsettled at the year end are translated at closing rates.

The premium or discount arising at inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange difference on such contract are recognised in the statement of profit and loss account.

[J] **BORROWING COSTS**

Borrowing Cost relating to acquisition, construction of fixed assets or production of qualifying assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to period till such assets are ready to be put to use. Other borrowing Cost are recognised as an expense in the period in which these are incurred.

[K] **PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provision and liabilities are recognised in the accounts when there is a present obligation as a result of past events where the outflow of resources embodying economics benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A disclosure is made for possible or present obligations that may but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

[L] **DEFERRED TAX**

Current tax is determined as the amount of tax payable in respect taxable income for the year. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets on timing differences being the difference between the taxable income and accounting income that originate in, one period and are capable of reversal in one or more subsequent periods.

[M] **EARNING PER SHARE**

The basic earnings per Share is calculated by dividing the Net profit or loss for the year attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted EPS comprises of weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

[N] **INTANGIBLE ASSETS**

Intangible assets are shown at Cost of Acquisition less accumulated amortisation. Technical Know-how is amortised at 25% on Straight Line Method.

[O] **IMPAIRMENT OF ASSETS**

The carrying amount of asset is reviewed at each balance sheet date. If there is any indication of impairment based on internal / external factors an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value.

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12

(2) NOTES TO FORMING PART OF ACCOUNTS

	Current Year	Previous Year
	Rupees	Rupees
1. Contingent liabilities		
Guarantees issued by Banks	49,637,406	56,753,428
L/C opened but goods yet to be received	57,929,302	20,678,457
Income Tax demand disputed by the Company	18,541,769	7,718,567
Capital Contracts Remaining to be executed (Net of Capital Advances)	-	9,690,019
Sales Tax demand disputed by the Company	1,461,482	-
Excise demand disputed by the Company	1,399,070	-
2. The Gujarat Sales Tax Department has raised a demand of Rs. 30,437,143/- (P.Y. Rs. 30,437,143) on the Company towards interest on sales tax deferment in respect of Windmills which were destroyed in a cyclone in 1998. The company has obtained a stay order from the Gujarat High Court of the recovery proceedings initiated by the Sales Tax Department.		
3. During the year the Company has adopted Accounting Standard 15 (Revised) 'Employees Benefits' and accordingly has reviewed and revised its accounting policy in respect of Employees Benefits. This being the first year, to give the effect of Transitional provision, the Company has adjusted the liability in respect of earlier years against the opening balance of General Reserves amounting to Rs.2,354,518/- (Net of Tax). The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each year of service. The scheme is funded with insurance companies in the form of a qualifying insurance policy.		

The principal assumption used in determining the Gratuity for the Company's plan is as under :

Particulars	Gratuity (Funded)
Discount Rate	8%
Rate of Increase in Compensation Levels	5.50%
Rate of Return of plan assets	8%
Employee Turnover	2%

The following tables summarise the components of net benefit expense recognised in the Profit and loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Net employee benefit expense (recognised in employee cost)	(Rs in lacs)
Particulars	2007-08
Current service cost	10.20
Interest cost	10.91
Expected return on plan assets	(8.06)
Net actuarial (gain) / loss recognised in the year	1.65
Past service cost	-
Net benefit expense	14.70

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 12

Balance Sheet

Details of Provision for Gratuity	(Rs. in lacs)
Particulars	2007-08
Defined benefit obligation	157.25
Fair value of plan assets	161.57
	(4.32)
Less: Unrecognised past service cost	-
	(4.32)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	
Opening defined benefit obligation	136.43
Interest cost on benefit obligation	10.91
Current service cost	10.20
Benefits paid	(3.21)
Actuarial (gains)/losses on obligation	2.92
Closing defined benefit obligation	157.25

Changes in the fair value of plan assets are as follows:

Particulars	
Opening fair value of plan assets	100.77
Expected return	8.06
Contributions by employer	54.69
Benefits paid	(3.22)
Actuarial gains / (losses)	1.27
Closing fair value of plan assets	161.57

4. SEGMENT REPORTING

In terms of AS-17 on "Segment Reporting" the company neither has more than one business segment nor more than one geographical segment requiring separate disclosure as there is no more distinguishable component or economic environment of an enterprise engaged in providing individual product or service or a group of related products or service and the same is not subjected to different risks and returns either of business or geographical segments.

5. Provision for Warranty

A provision of Rs. 5,813, 415/- (P.Y. Rs.4,796,517/-) has been recognised for expected warranty claims at 0.5% on products sold during the Current financial year. The warranty claims are for the period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next financial year.

6. Earning Per Share

	Current Year	Previous Year
(a) Net Profit available to equity shareholders	133,345,352	86,788,697
(b) Weighted Average number of equity shares used as denominator for calculating EPS	5,768,385	5,768,385
(c) Basic and Diluted Earning Per Share (Rs.) (Equity share of face value of Rs.10 each)	23.12	15.05

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12
7. Deferred Tax

The Deferred Tax Assets & Liabilities for the current year comprises of Tax effect of the following timing differences.

	Current Year Rupees	Previous Year Rupees
<u>Deferred Tax Assets:</u>		
Provision for Leave Encashment	<u>1,811,452</u>	<u>1,657,031</u>
	1,811,452	1,657,031
<u>Deferred Tax Liability:</u>		
Excess of written down value of assets as per books of accounts over Income Tax Written down value.	<u>46,913,491</u>	54,490,761
Net Deffered Tax Liability	<u>45,102,039</u>	<u>52,833,730</u>

8. RELATED PARTY DISCLOSURE

- [i] **Associate** : Elecon Engineering Company Ltd.
Wizard FinCap Ltd.
Power Build Elecon Gear Ltd.
Eimco Elecon Eletricals Limited
Madhuban Spa Resort
- [ii] **Enterprise Indirectly Controlled** : Emtici Engineering Ltd
Prayas Engineering Ltd.
Power Build Ltd
Narmada Travel Services Ltd
Elecon Information Technology Limited
Akkaish Mechatronics Ltd
Speciality Wood Pack Pvt. Ltd.
Ringspann Elecon (I) Ltd.
Bipra Investment & Trusts Ltd.
Devkishan Investments Pvt. Ltd.
K.B.investment pvt. Ltd.
Elecon Australia Pty. Ltd.
Elecon Africa Pty. Ltd.
Elecon Singapore Pte. Ltd.
Elecon Middle East FZCO
- [iii] **Collaborators** : Sandvik Tamrock-France
Sandvik Asia Ltd-Pune
Sandvik Mining & Construction-Singapore
Sandvik Mining & Construction-UK
Sandvik Mining & Construction-USA
Voest Alpine - SA
- [iv] **Key Management Personnel** : Shri P. B. Patel
Shri A. M. Deshpande
- [v] **Relatives of Key Management Personnel** : Shri P. M. Patel

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 12

9 The following transactions were carried out with related parties in the ordinary course of business :

PARTICULARS

NATURE OF RELATIONSHIP	ASSOCIATE		KEY MANAGEMENT PERSONNEL		RELATIVE OF KEY MANAGEMENT PERSONNEL		ENTERPRISE INDIRECTLY CONTROLLED		COLLABORATORS		GRAND TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
SALES		483,376					2,619	27,381			2,619	510,757
PURCHASES	49,042,758	16,934,635					24,312,661	29,587,347		-	90,574,219	54,450,322
PROVI./RECEIPT OF MGT/ OTH SERV.		660,213					2,781,631	4,172,476			2,781,631	4,832,689
INTEREST RECEIVED							1,341,447	1,769,316			1,341,447	1,769,316
COMMISSION EXPENSE							147,969,878	150,353,443			147,969,878	150,353,443
SALES OF FIXED ASSETS	207,149	20,000,000					430,086	171,845			207,149	20,171,845
PURCHASE OF FIXED ASSETS							13,700,000	241,000			430,086	241,000
SALE OF INVESTMENT							14,000,000				13,700,000	
ISSUE OF PREFERENCE SHARES											14,000,000	
REMUNERATION-MD& WHOLETIME DIRECTOR					14,207,820	10,576,365					14,207,820	10,576,365
SITTING FEES											70,000	50,000
RENT INCOME	6,570,529				70,000	50,000	983,600	815,880			7,554,129	815,880
RENT EXPENSES	2,872,212	2,454,000					1,001,100	908,400			3,873,312	3,362,400
JOB-WORK EXPENSE	1,257,536						12,466,476				13,724,012	
JOB-WORK INCOME	7,398,495	16,039,083					36,000	186,642			7,434,495	16,225,725
OTHER EXPENSES(NET)	3,942,204	386,309					8,886,756	948,052			12,828,960	1,334,361
OTHER INCOME	213,554						17,188				230,742	
ASSETS LEASE EXP	2,874,337	2,651,834									2,874,337	2,651,834
ASSETS LEASE INCOME		330,860						200,220				531,080

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12

**10. Disclosure of Loans & Advances to Associates/
Companies in which Directors are interested**

	Current Year		Previous Year	
	Amount outstanding as on 31.03.2008	Maximum amount outstanding during the year	Amount outstanding as on 31.03.2007	Maximum amount outstanding during the year
Power Build Limited	-	14,000,000	14,000,000	16,000,000

As at the year end, the company

- a) has no Subsidiaries
- b) has no loans, wherein there is no repayment schedule or repayment is beyond seven years

**11. Computation of Net Profit in accordance with
and Section 198 of the Companies Act, 1956
Section 349 read with Section 309(5)
and Commission payable to Directors**

	Current Year Rupees	Previous Year Rupees
Net Profit as per Profit and Loss Account	133,345,352	86,788,697
Add : [i] Depreciation as provided in books	74,276,749	76,450,094
[ii] Provision for Taxation	75,500,000	51,100,000
[iii] Provision for Deferred Taxation	(6,519,298)	(9,941,020)
[iv] Fringe Benefit tax	1,993,233	1,100,000
[v] Whole-time Director's remuneration	4,647,920	3,945,320
[vi] Managing Director's remuneration	9,559,900	6,631,045
[vii] Directors' Fees	260,000	310,000
[viii] Loss on sale of Fixed Assets	157,367	-
	293,221,223	216,384,136
Less : [i] Profit on sale of Fixed Assets as per Profit and Loss Account.	-	2,186,646
[ii] Profit on sale of investments	8,014,200	-
	285,207,023	214,197,490
Less :		
[i] Depreciation as per Section 350 of the Companies Act, 1956	74,276,749	76,450,094
	210,930,274	137,747,396
Commission to Wholetime Director	1,400,000	700,000
Commission to Managing Director provided as per rules	5,500,000	2,600,000

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 12

12 Licensed & installed capacity & production Class of Products.	Current Year			Previous Year		
	Licensed Capacity	Installed Capacity*	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
I Tunnelling Loaders with various attachments other than Road Headers	Nos. 400	350	95	400	350	104
II Drilling & Roof Bolting Jumbo for mining	Nos. 55	30	-	55	30	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	Nos. 50	30	-	50	30	-
IV Air Motors	Nos. 500	300	174**	500	300	148**
V Spares for above	1400 lacs	2500 lacs (sales value)	6,684.74	1400 lacs	2500 lacs	6,789.61 (sales value)
VI Hydraulic Cylinders	Nos. 3000	2000	892***	3000	2000	820***
VII Blasthole & Water well drilling rigs	Nos. 50	10		50	10	
VIII Continuous Miner	Nos. 25	10				
IX Construction Equipment	Nos. 900	400				

*Installed capacity is as certified by a Director and accepted by the Auditors, being a technical matter.

**Includes 46 (14) numbers for captive consumption.

***Includes 406 (268) numbers for captive consumption.

Stock	Current Year				Previous Year			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Nos.	Value	Nos.	Value	Nos.	Value	Nos.	Value
I Tunnelling Loaders with various attachments other than Road Headers	5	6,474,809	2	7,109,852	-	-	5	6,474,809
II Drilling & Roof Bolting Jumbo for mining	-	-	-	-	-	-	-	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-	-	-	-	-
IV Air Motors*	19	645,546	29	876,907	-	-	19	645,546
V Spares for above	-	490,152,284	-	464,095,839	-	559,605,363	-	490,152,284
VI Hydraulic Cylinders*	434	6,452,840	524	8,124,137	772	11,478,323	434	6,452,840

* Figures for opening and closing stock include figures in respect of Air Motors, Spares and Hydraulic Cylinder for captive consumption.

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12
Turnover

	Current Year		Previous Year	
	<u>Nos.</u>	<u>Value Rupees</u>	<u>Nos.</u>	<u>Value Rupees</u>
I Tunnelling Loaders with various attachments other than Road Headers	102*	480,114,290	99	267,410,000
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
III Air Motors	164**	7,299,374	119	6,165,575
IV Spares for above.	-	668,474,402	-	678,961,084
V Hydraulic Cylinders	802***	6,891,960	436	6,787,749
		<u>1,162,780,026</u>		<u>959,324,408</u>

*Includes Sale of 2 Bought out Machines.

**Includes 46 (14) numbers for captive consumption.

***Includes 406 (268) numbers for captive consumption.

13. Consumption of Raw Material Spares & Components :	Current Year		Previous Year	
	<u>Quantity</u>	<u>Value Rupees</u>	<u>Quantity</u>	<u>Value Rupees</u>
Casting	Nos. 17424	18,805,779	17734	17,082,688
Forgings	Nos. 2000	2,231,651	2176	2,374,698
Bearings	Nos. 16702	10,162,398	27931	8,361,217
Round Bars and Plates	Tons 1201	41,460,939	494	19,927,621
Other Raw Materials, Spares & Components		548,395,557		367,132,078
		<u>621,056,324</u>		<u>414,878,302</u>

14. Value of raw materials, spares and components consumed	Current Year		Previous Year	
	<u>Value Rupees</u>	<u>% of Total</u>	<u>Value Rupees</u>	<u>% of Total</u>
Imported	342,856,387	55	148,866,688	36
Indigenous	278,199,937	45	266,011,614	64
	<u>621,056,324</u>	<u>100</u>	<u>414,878,302</u>	<u>100</u>

15. Value of Stores Consumed :

Imported	-	-	-	-
Indigenous	15,100,270	100	11,267,812	100

NOTES FORMING PART OF THE ACCOUNTS

SCHEDULE - 12

	Current Year Rupees	Previous Year Rupees
16. CIF value of Imports in respect of :		
Components and spares	168,749,660	125,849,196
Capital Goods	-	-
17. Earning in Foreign exchange on account of exports calculated on FOB basis :		
Sales	709,408	3,607,856
Commission	-	1,652,376
18. Expenditure in Foreign currency :		
Travelling	3,042,397	2,001,426
Others	-	-
19. Amount remitted during the year in foreign currency on account of dividend :		
Number of Non-resident shareholders	1	1
Number of shares held on which dividend was due	1,447,875	1,447,875
Year to which dividend relates	<u>2006-07</u>	<u>2005-06</u>
Amount remitted (net of tax)	5,067,563	5,067,563
20. INFORMATION REGARDING ASSETS TAKEN ON LEASE		
Lease Payments During the Year	2,620,040	2,626,455
Not later than one year	2,478,000	2,626,455
Later than one year not later than five years	396,000	5,175,248
Later than five years	-	-
21. The Company has not received any intimation from Suppliers regarding their status under Micro and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at year end together with interest paid/payable as required under the said Act have not been given.		
However, Details regarding the Small Scale Undertaking are as below :		Amount in Rs.
Total Outstanding Dues of Small Scale Industrial Undertaking		4,421,470
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking		110,486,560
A Micro, Small and Medium industrial undertaking has the same meaning as assigned to it under section 3 of the Industries (Development and Regulation) Act,1951		
22. Figures of the previous year have been shown in brackets.		
23. Figures of the Previous Year have been regrouped wherever necessary to confirm to current year's classifications.		

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants

UMESH H.TALATI
Partner
Membership No.34834

Ahmedabad
Date : 26th May 2008

Nilesh D.Shelat
(Company Secretary)

For and on behalf of the Board

Mr. P. B. Patel Managing Director
Mr. H. S. Parikh Director
Mr. A. M. Deshpande Wholetime Director

Place : Mumbai
Date : 26th May 2008

NOTES FORMING PART OF THE ACCOUNTS
SCHEDULE - 12**Annexure 1**

The names of the Small Scale Industrial Undertaking to whom the Company owes a sum which is outstanding for more than 30 days

<u>No.</u>	<u>Vendor Name</u>	<u>Amount (Rs.)</u>
1	AIR TOOLS INDUSTRIES	846,327.70
2	AKVIM INDUSTRIES	5,593.50
3	BARODA CAP LINERS	44,715.55
4	EKO RUBBER INDUSTRIES	12,092.00
5	ENGINEMATES HEAT TRANSFER PVT. LTD.	447,814.00
6	INDTECH ENGINEERS	21,381.15
7	JASHPARAM ENGINEERING PVT. LTD.	62,946.00
8	MACHINE TOOLS ENGINEERING	47,957.46
9	MELDY FASTNERS	3,977.00
10	METAL TREAT INDUSTRIES	117,127.00
11	MICRO PRODUCTS	46,529.80
12	MICRO SYSTEM	126,405.00
13	MICRO TOOLS	6,782.00
14	MICROFINE PRODUCT	45,654.72
15	MODERN ENGINEERING & SPRING CO.	7,072.00
16	MULTI METALS	34,481.00
17	PRITESH INDUSTRIES	640,717.76
18	RAJ ENGINEERING WORKS	875,322.45
19	SHREE ENGG. WORKS	170,465.09
20	SPECTRAM ENGINEERS	176,582.64
21	UNIVERSAL GASKET MFG. CO.	118,989.28
	TOTAL	<u>3,858,933.10</u>

21 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0	2	5	7	4
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 State Code

0	4
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Balance Sheet Date

3	1	-	0	3	-	2	0	0	8
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II. Capital raised during the year (Amount in Rs. Thousands)

Public issue	Rights issue																
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					N	I	L										
					N	I	L										
Bonus issue	Private placement																
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					N	I	L										
					N	I	L										

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

	Total Liabilities		Total Assets																
Sources of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>3</td><td>4</td><td>0</td><td>7</td><td>5</td></tr></table>	1	3	3	4	0	7	5	Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>3</td><td>4</td><td>0</td><td>7</td><td>5</td></tr></table>	1	3	3	4	0	7	5		
1	3	3	4	0	7	5													
1	3	3	4	0	7	5													
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>7</td><td>6</td><td>8</td><td>3</td></tr></table>			5	7	6	8	3	Reserve & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>0</td><td>0</td><td>7</td><td>8</td><td>2</td><td>3</td></tr></table>	1	0	0	7	8	2	3		
		5	7	6	8	3													
1	0	0	7	8	2	3													
Application of Funds	Secured Loans	Un secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>7</td><td>3</td><td>8</td><td>5</td></tr></table>			4	7	3	8	5									
		4	7	3	8	5													
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		2	5	4	6	7													
		8	9	5	9	1													
	Net Fixed Assets	Misc. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L								
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		4	0	1	3	9	5												
		4	5	1	0	2													
	Net Current Assets	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L								
					N	I	L												
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>9</td><td>2</td><td>4</td><td>7</td><td>5</td></tr></table>			6	9	2	4	7	5	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
		6	9	2	4	7	5												
					N	I	L												
	Accumulated Losses	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L								
					N	I	L												
	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L												
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	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Deferred Tax Asset	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L												
					N	I	L												

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>6</td><td>2</td><td>7</td><td>8</td><td>0</td></tr></table>	1	1	6	2	7	8	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>9</td><td>4</td><td>0</td><td>4</td><td>0</td></tr></table>			9	9	4	0	4	0	
1	1	6	2	7	8	0											
		9	9	4	0	4	0										
Profit/Loss Before Tax	Profit/Loss After Tax																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>4</td><td>3</td><td>1</td><td>9</td></tr></table>			2	0	4	3	1	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>3</td><td>3</td><td>4</td><td>5</td></tr></table>			1	3	3	3	4	5
		2	0	4	3	1	9										
		1	3	3	3	4	5										
Earnings per Shares	Dividend Rate																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>.</td><td>1</td><td>2</td></tr></table>			2	3	.	1	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>%</td></tr></table>					4	0	%		
		2	3	.	1	2											
				4	0	%											

V. Generic names of Three Principal products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>3</td><td>0</td><td>2</td><td>0</td><td>.</td><td>0</td><td>0</td></tr></table>	8	4	3	0	2	0	.	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Side Dump Loaders (SDL)</td></tr></table>	Side Dump Loaders (SDL)
8	4	3	0	2	0	.	0	0			
Side Dump Loaders (SDL)											
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>3</td><td>0</td><td>5</td><td>0</td><td>.</td><td>0</td><td>1</td></tr></table>	8	4	3	0	5	0	.	0	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Load Haul Dumpers (LHD)</td></tr></table>	Load Haul Dumpers (LHD)
8	4	3	0	5	0	.	0	1			
Load Haul Dumpers (LHD)											
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>3</td><td>0</td><td>6</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>	8	4	3	0	6	9	.	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>Blast hole & water well drilling rigs</td></tr></table>	Blast hole & water well drilling rigs
8	4	3	0	6	9	.	0	0			
Blast hole & water well drilling rigs											

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants

UMESH H. TALATI
Partner
Membership No.34834

Ahmedabad
Date : 26th May 2008

For and on behalf of the Board

Nilesh D. Shelat
(Company Secretary)

Mr. P. B. Patel
Mr. H. S. Parikh
Mr. A. M. Deshpande

Managing Director
Director
Wholetime Director

Place : Mumbai
Date : 26th May 2008

EIMCO ELECON (INDIA) LIMITED

Registered office : Vallabh Vidyanagar, Anand, Gujarat, Pin 388 120.

FOR MEMBER'S IMMEDIATE ATTENTION

In order to ensure that the dividend warrant is not encashed by any person other than the members, it is proposed to indicate the Account No. of the member on the dividend warrant itself. Members are therefore requested to please return this form immediately duly filled in :

- 1. Name of the Member _____
 - 2. Register Folio No. _____
 - 3. No. of shares held _____
 - 4. Name of the Bank and branch where
the shareholder operates his account _____
 - 5. A/c. No. _____
- Date _____ Sign _____

EIMCO ELECON (INDIA) LIMITED

Registered office : Vallabh Vidyanagar, Anand, Gujarat, Pin 388 120.

PROXY FORM

I, We _____ of _____ in the district of _____ being a Member/s of EIMCO ELECON (I) LTD. hereby appoint Mr./Mrs. _____ of _____ in the district of _____ or failing him/her, Mr./Mrs. _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on Tuesday, the 29th July, 2008 at 3.00 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this _____ day of _____ 2008

Sign :

DP. Id	
Client Id/ Folio No.	
No. of Shares	

This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the Proxy will act at he/she thinks fit.

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

* strike out whichever is not desired

BOOK - POST

IF UNDELIVERED PLEASE RETURN TO :

**EIMCO ELECON (INDIA) LIMITED,
VALLABH VIDYANAGAR - 388 120.
GUJARAT.**