

**EIMCO ELECON (INDIA) LIMITED**

**ANNUAL REPORT  
2010-2011**



### **BOARD OF DIRECTORS**

Mr. P. M. Patel	-	Chairman
Mr. P. B. Patel	-	Managing Director
Mr. P. C. Amin		
Mr. H. S. Parikh		
Mr. Jal Patel		
Mr. Shreevardhan Sinha		
Mr. Vihang Virkar		
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**

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W)  
Mumbai - 400 078

#### **Vadodara Office**

Link Intime India Pvt. Ltd.  
B-102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota.  
Vadodara - 390 020.

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 37<sup>th</sup> Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Tuesday, the 2<sup>nd</sup> August 2011 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 31<sup>st</sup> March 2011 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. H. S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shreevardhan Sinha 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 pursuant to Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, consent of the company be and is hereby accorded to the Board of Directors of the company for contributing to national, benevolent, charitable, public or general or other funds not directly relating to the business of the company or the welfare of its employees, of any amounts

the aggregate of which not exceeding in any financial year Rs.2 crores or 5% of the average net profits as determined in accordance with the provisions of the Section 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater.”

7. To consider and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution :  
“Resolved That pursuant to the provisions of section 309 and all other applicable Provisions if any, of the Companies Act, 1956 or any other law for time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), a sum not exceeding one percent per annum of the net profits of the Company, in aggregate calculated in accordance with the provisions of section 198, 349 and 350 of the Act, be paid to and distributed as commission, amongst the Directors of the Company or some or any of them (other than Managing Director and Whole time Director) in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year for the period for five years commencing 1<sup>st</sup> April, 2010”.

By order of the Board of Directors

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

Date : 3<sup>rd</sup> May, 2011

**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 19-07-2011 to 2-08-2011 (both days inclusive)
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31<sup>st</sup> March, 2011 when declared at the meeting will be paid:
1. to those members whose names appears in the Register of Members of the Company on 19-07-2011;
  2. 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 18-07-2011.
- D. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched between 3-08-2011 and 7-08-2011.
- E. 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.
- F. 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.
- G. As per Clause 5 of the Listing Agreement, the Company's Registrar & Transfer Agent, M/s. Link Intime India Pvt. Ltd. has issued two Reminders by Reg. Post to Shareholders whose share certificates remained unclaimed and lying with the company. The Registrar will issue third and final Reminder to those Shareholders whose certificates still remain unclaimed and thereafter those shares will be transferred to "Unclaimed Suspense Account."

By order of the Board of Directors

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

**Nilesh D. Shelat**  
Company Secretary

Date : 3<sup>rd</sup> May, 2011

**ANNEXURE TO THE NOTICE**

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

**ITEM NO.6**

Section 293(1)(e) of the Companies Act,1956 inter-alia provides that the Board of Directors of a public company shall not, except with the consent of the company in General Meeting contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, of any amount the aggregate of which not exceeding in any financial year Rs.50,000 or 5% of the average net profits as determined in accordance with provisions of the Section 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater.

Since the company is required to contribute and donate funds, from time to time, to such institutions the contribution whereof may exceed the ceiling limit of Rs.50,000 presently applicable to the company within the meaning of Section 293(1)(e) of the said Act, your consent is, therefore, being sought for empowering Board of Directors of the company to make donations in any financial year not exceeding Rs.2 crores or 5% of the average net profits of the three immediately preceding financial years, whichever is greater.

None of the Directors of the company is interested in this resolution.

**ITEM NO.7**

Taking into account the increase in the Company's activities and the consequent increase in the responsibilities of the Directors, it is proposed that in terms of section 309(4) of the Act, the Directors (other than the Managing and Whole time Director) be paid, for each of the five financial years of the Company commencing 1<sup>st</sup> April, 2010 remuneration by way of commission not exceeding one percent per annum of the net profits of the Company in aggregate computed with the provisions of the Act. This remuneration will be distributed amongst all or some of the said Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Managing Director and Whole time Director are concerned or interested in the resolution to the extent of the commission that may be received by them.

The Board recommends the resolution for approval by the members by way of a Special Resolution.

By order of the Board of Directors

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

Date : 3<sup>rd</sup> May, 2011

**Nilesh D. Shelat**  
Company Secretary

## DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 37<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### 1. FINANCIAL RESULTS

	31-03-2011	31-03-2010
	(Rs.)	(Rs.)
Profit before Depreciation, & Provision for Taxation	<b>260,492,775</b>	260,471,964
Less: Depreciation	<b>63,636,045</b>	69,478,422
<b>PROFIT BEFORE TAX</b>	<b>196,856,730</b>	190,993,542
Less : Provision for Taxation	<b>62,903,516</b>	62,968,049
<b>PROFIT AFTER TAX</b>	<b>133,953,214</b>	128,025,493
Add : Balance brought forward from last year	<b>33,045,674</b>	31,926,236
	<b>166,998,888</b>	159,951,729
<b>APPROPRIATED AS</b>		
Proposed Dividend	<b>23,073,540</b>	23,073,540
Tax on Distributed Profit	<b>3,743,105</b>	3,832,515
Transfer to General Reserve	<b>105,000,000</b>	100,000,000
Balance Carried Forward	<b>35,182,243</b>	33,045,674
<b>Total</b>	<b>166,998,888</b>	159,951,729

### 2. PERFORMANCE

During the year under review, the Company has achieved the turnover of Rs.1875.24 million (previous year 1645.65 million). The net profit stood at Rs.133.95 million (previous year Rs.128.02 million).

### 3. DIVIDEND

Your directors recommend for your consideration a dividend of Rs. 4/- per share of Rs.10/- each for the year ended 31<sup>st</sup> March, 2011.

### 4. INSURANCE

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

### 5. FIXED DEPOSITS

Four Deposits aggregating to Rs.102,219 though matured were not claimed as on 31<sup>st</sup> March 2011.

### 6. DIRECTORS

Mr. H. S. Parikh and Mr. Shreevardhan Sinha retire by rotation and, being eligible, offer themselves for reappointment. A brief profile of these Directors is appearing in Annexure 4 to this Report.

The Directors have steered the Company through a significant growth phase over the years. It is proposed to pay commission to Non Executive Directors within the permissible limits of the net profits of the year to be calculated in accordance with provision of the Companies Act,1956. The commission is proposed to be paid to them for their valuable contribution at the Board and it's committee meetings as well as time spent on matters other than at the meetings. Special Resolution is proposed for approval of members at the ensuing Annual General Meeting for payment of commission to Non-Executive Directors.

### 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, Messers 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 of Directors

**P. B. Patel**  
Managing Director

**A. M. Deshpande**  
Wholetime Director

Place : Mumbai  
Date : 3<sup>rd</sup> May, 2011

**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 31<sup>st</sup> March 2011.

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	53	BE (Mech.) MBA	01-04-06	Managing Director	Overall Management	98,34,677	54,07,000	35	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	61	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	59,73,880	27,58,132	38	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager-Engg.)

**Notes:**

1. The appointments of Mr. P. B. Patel, Managing Director and Mr. A. M. Deshpande, Whole Time Director 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. P. B. Patel, Managing Director of the Company is a relative of Mr. P. 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 31<sup>st</sup> March, 2011.

**[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.99,60,467
3. Total R & D expenditure	
Percentage of total turnover	: 0.53 %

**[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 Three 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.
- (iii) Agreement dated 12-05-2008 with Huta Stalowa Wola, S.A Poland for manufacture of 520G Wheel Loader.

[b] Whether technology fully absorbed: Technology for the Front End Loader is absorbed and for rest products it is in progress.

**[D] Foreign exchange earning & outgo:**

1. During the year the Company has exported goods worth Rs. 1,92,69,901 and continues to make efforts to push up exports.

2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 308,933,710	Rs. 19,269,901

For and on behalf of the Board of Directors

**P. B. Patel**  
Managing Director

**A. M. Deshpande**  
Wholetime Director

Place : Mumbai  
Date : 3<sup>rd</sup> May, 2011

## 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 2010-2011, four (4) Board Meetings were held i.e. on

10<sup>th</sup> May 2010

30<sup>th</sup> July 2010

27<sup>th</sup> October 2010

10<sup>th</sup> February 2011

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 30 <sup>th</sup> July, 10	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	11	Nil	Nil
2.	Mr. H. S. Parikh	NED (I)	4	Yes	3	3	2
3.	Mr. P. M. Patel	NED (P)	4	Yes	4	3	Nil
4.	Mr. Vihang Virkar	NED (I)	4	Yes	Nil	Nil	Nil
5.	Mr. A. M. Deshpande	WTD	4	Yes	1	Nil	Nil
6.	Mr. P. C. Amin	NED(P)	4	Yes	9	Nil	1
7.	Mr. Jal R. Patel	NED(I)	4	Yes	5	3	3
8.	Mr. Shreevardhan Sinha	NED(I)	No	No	Nil	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. P. C. Amin	1200 Shares
Mr. Jal Patel	Nil
Mr. Vihang Virkar	Nil
Mr. Shreevardhan Sinha	Nil

**3. Audit Committee**

The composition of the Audit Committee is as under:

Mr. Jal Patel (Chartered Accountant & Company Secretary)	Chairman	NED-I
Mr. H. S. Parikh (Chartered Accountant)	Member	NED-I
Mr. P. M. Patel	Member	NED-P
Mr. P. C. Amin	Member	NED-P
Mr. Vihang Virkar	Member	NED-I
Mr. Shreevardhan Sinha	Member	NED-I

The Managing Director, 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			
	10 <sup>th</sup> May 2010	30 <sup>th</sup> July 2010	27 <sup>th</sup> October 2010	10 <sup>th</sup> February 2011
Mr. Jal Patel	Yes	Yes	Yes	Yes
Mr. P. M. Patel	Yes	Yes	Yes	Yes
Mr. H. S. Parikh	Yes	Yes	Yes	Yes
Mr. P. C. Amin	Yes	Yes	Yes	Yes
Mr. Vihang Virkar	Yes	Yes	Yes	Yes
Mr. Shreevardhan Sinha	No	No	No	No

**4. Remuneration Committee**

The composition of the Remuneration Committee is as under :

Mr. H. S. Parikh	Chairman	NED-I
Mr. Jal Patel	Member	NED-I
Mr. Vihang Virkar	Member	NED-I
Mr. P. M. Patel	Member	NED-P

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 10 <sup>th</sup> May, 2010
Mr. P. M. Patel	Yes
Mr. H. S. Parikh	Yes
Mr. P. C. Amin	Yes
Mr. P. B. Patel	Yes

During the year Mr. P.C.Amin & Mr. P.B.Patel resigned from remuneration committee and Mr. Jal Patel & Mr. Vihang Virkar were appointed as members of remuneration committee.

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

Name	Salary (Rs.)	Perquisites & Retirement benefits (Rs.)	Commission Payable	Total (Rs.)	Period of contract
Mr. P. B. Patel Managing Director	300,000 per month	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956	36,00,000 + 11,84,677 + 50,50,000 + <hr/> 98,34,677	5 years from 01-04-2009 to 31-03-2014
Mr.A.M.Deshpande Wholetime Director	225,000 per month	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956.	1% of net profit of the company or Rs.18,00,000 Lacs which ever is less per annum.	27,00,000 + 14,73,880 + 18,00,000 + <hr/> 59,73,880	5 years from 01-01-2009 to 31-12-2013

Bonus	Nil
Stock Options	Nil
Pension	Nil
Others	Nil

The company has proposed Special Resolution for paying commission to Non Executive Directors from 1st April 2010.

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

Name	Sitting Fees		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. Jal Patel	40,000	40,000	80,000
Mr. P. M. Patel	40,000	50,000	90,000
Mr. H. S. Parikh	40,000	50,000	90,000
Mr. P. C. Amin	40,000	50,000	90,000
Mr. Vihang Virkar	40,000	40,000	80,000

#### 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	Chairman	Non-Executive and Independent Director
Mr. P. B. Patel	Member	MD-P
Mr. N. D. Shelat	Secretary & Compliance Officer	Company Secretary

i.	Number of shareholder's complaints received so far	Nil
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
2009-2010	Registered Office at Vallabh Vidyanagar, Gujarat	30-07-2010	04.00 p.m.
2008-2009	-do-	30-07-2009	11.00 a.m.
2007-2008	-do-	29-07-2008	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 requirements 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.	Economic Times (English) Economic Times (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 2 <sup>nd</sup> August 2011 at 3.00 p.m. at Regd. Office<br>Vallabh Vidyanagar |
| ii.  | Financial year             | 2010-2011 (year ending 31-03-2011)  |
| iii. | Book Closure Date          | 19 <sup>th</sup> July 2011 to 2 <sup>nd</sup> August 2011 (both days inclusive)             |
| iv.  | Dividend payment date      | 3 <sup>rd</sup> August 2011   |

v. Listing on Stock Exchanges

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

Bombay Stock Exchange Limited

P. J. Towers

25<sup>th</sup> Floor

Dalal Street

Mumbai – 400 001

The National Stock Exchange of India Limited

Exchange Plaza, 5<sup>th</sup> floor

Plot No. C/1, G Block

Bandra-Kurla Complex

Bandra (E)

Mumbai - 400 051

The listing fee for the year 2010-2011 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 year under review.

vi. Stock Code

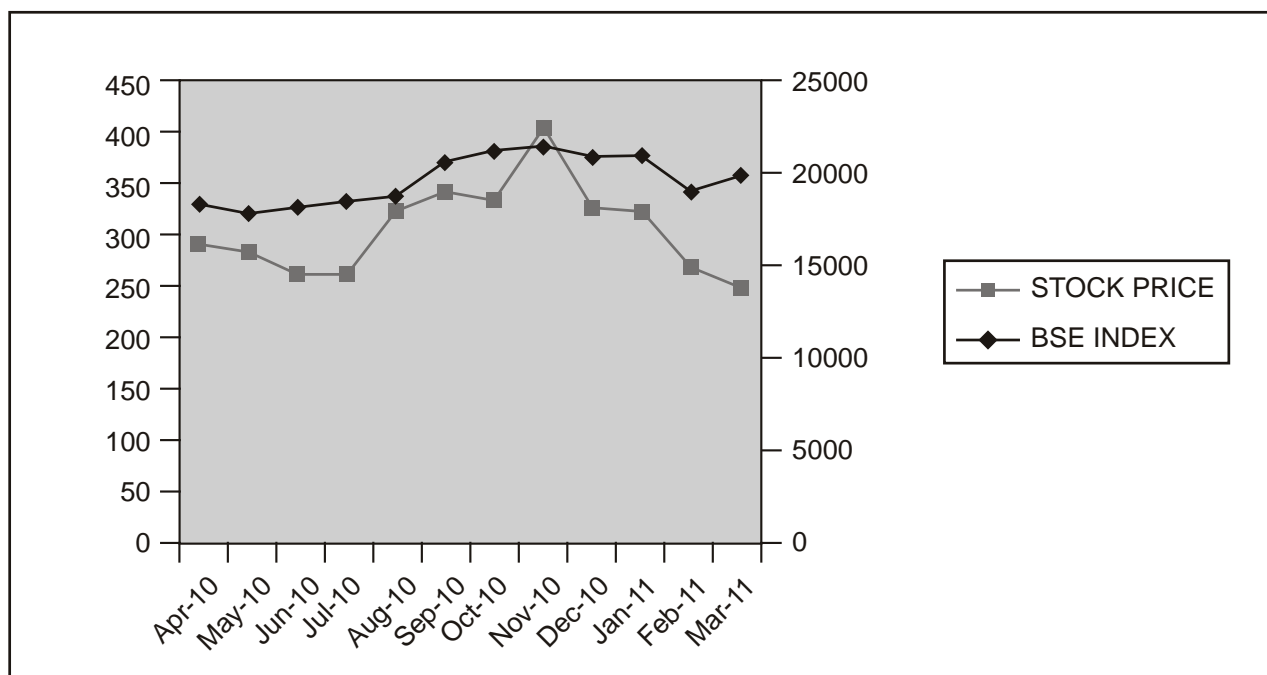
The Stock Code of company's shares is as follows :

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

Month	Bombay Stock Exchange Ltd.			BSE Index		National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Volume	High	Low	High (Rs.)	Low (Rs.)	Volume
Apr 2010	287.00	227.45	96960	18047.86	17276.80	286.40	224.20	69017
May 2010	278.70	227.00	65210	17536.86	15960.15	273.15	212.30	49494
Jun 2010	258.00	221.10	54567	17919.62	16318.39	259.75	223.05	40653
Jul 2010	257.85	226.00	55380	18237.56	17395.58	255.00	221.00	32595
Aug 2010	317.95	244.10	315494	18475.27	17819.99	327.40	247.50	211176
Sep 2010	337.00	287.50	90619	20267.98	18027.12	333.90	287.00	81350
Oct 2010	329.00	302.55	57467	20854.55	19768.96	332.95	303.00	37190
Nov 2010	398.00	277.50	443566	21108.64	18954.82	399.00	277.00	562804
Dec 2010	321.80	252.10	70686	20552.03	19074.57	319.95	255.25	65919
Jan 2011	318.00	253.00	29222	20664.80	18038.48	319.00	249.50	25203
Feb 2011	265.00	213.00	41430	18690.97	17295.62	266.95	212.00	38512
Mar 2011	245.05	216.00	52401	19575.16	17792.17	245.00	213.25	34163

viii. Index graph



ix. Share Transfer System

No. of Transfers during the year : 17  
 No. of Shares transferred : 2100

x. Distribution of shareholding as on 31-03-2011 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-500	5917	95.45	623330	10.81
501-1000	126	2.03	101700	1.76
1001-2000	67	1.08	102180	1.77
2001-3000	28	0.45	71566	1.24
3001-4000	12	0.19	41739	0.72
4001-5000	15	0.24	68662	1.19
5001-10000	17	0.28	120717	2.10
10001 & above	17	0.28	4638491	80.41
<b>Total</b>	<b>6199</b>	<b>100.00</b>	<b>5768385</b>	<b>100.00</b>

xi. Shareholding Pattern as at 31<sup>st</sup> March 2011

	Category	No. of shares held	% of Shareholding
A	Promoter's holding		
1.	-Indian promoters	2815845	48.8151
	-Foreign Promoters	1447875	25.1002
2.	-Persons acting in concert	8000	0.1387
	Sub-total	4271720	74.0540
B.	Non-Promoters Holding		
3.	Institutional investors		
a.	Mutual Funds and UTIBanks, Financial Institutions Insurance companies (Central/State Government Institutions /Non-Government Institutions)	276428 200	4.7921 0.0035
b.	Foreign Institutional Investors	NII	NIL
	Sub-total	276628	4.7956
4.	Others		
a.	Private corporate bodies	158519	2.7481
b.	Indian Public	1020579	17.6926
c.	Non-Resident Indians	26177	0.4538
d.	Any other	14762	0.2559
	Sub-total	1220037	21.1504
	<b>GRAND TOTAL</b>	<b>5768385</b>	<b>100.00</b>

## 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 31<sup>st</sup> March 2011, 72.33% (4172404 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 &amp; Share Transfer Agents

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

Vadodara Office :  
M/s. Link Intime India Pvt. Ltd.  
B-102 &103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota.  
Vadodara - 390 020.  
EMAIL : vadodara@linkintime.co.in  
Phone number -0265-2252875  
0265-2250241



**Note on appointment or reappointment of Directors :**

**ANNEXURE – 4 TO DIRECTORS’ REPORT - ITEM NO.6**

1. Mr. H. S. Parikh

The Board had appointed Mr. H. S. Parikh as a Director of the company with effect from 9<sup>th</sup> May 1992, liable to retire by rotation. Mr. H. S. Parikh is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Mr. H. S. Parikh is a Chartered Accountant and 84 years of age. His other Directorships and committee Memberships of other companies are as under :

<b>Company</b>	<b>Position</b>	<b>Committee Memberships</b>	<b>Chairman/Member</b>
Elecon Engineering Co. Ltd.	Director	Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee	Chairman Member Chairman
Simplex Castings Ltd.	Director	Audit Committee Transfer-cum Shareholders’/Investors’ Grievance Committee Remuneration Committee	Member Member Member
Supreme industries Ltd.	Director	Audit Committee Remuneration Committee	Chairman Chairman

2. Mr. Shreevardhan Sinha

The Board had appointed Mr. Shreevardhan Sinha as a Director of the company with effect from 29-1-2009 liable to retire by rotation. Mr. Shreevardhan Sinha is graduated from the National Law School of India, Bangalore in 1998 and is admitted to practice law in India. He is a member of Bar Council of India, the Bar Council of Maharashtra & Goa and the Bombay Bar Association.

Mr. Shreevardhan Sinha does not hold Directorship in any other public companies.

**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 31<sup>st</sup> March, 2011.

Place : Mumbai  
Date : 3<sup>rd</sup> May, 2011

**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 (INDIA) LTD.  
Anand-Sojitra Road  
Vallabh Vidyanagar – 388 120  
Dist. Anand, Gujarat

We have examined the compliance of conditions of Corporate Governance by EIMCO ELECON (INDIA) LTD. for the year ended 31<sup>st</sup> March 2011, 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<sup>st</sup>, 2011, 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 TALATI & TALATI  
Chartered Accountants  
Firm Reg. No. 110758W

Place : Ahmedabad  
Date : 3<sup>rd</sup> May, 2011

Umesh H. Talati  
Partner  
Mem.No. 34834

**Management's Discussion and Analysis****ANNEXURE-5 TO DIRECTORS' REPORT - ITEM NO.8****INDUSTRY STRUCTURE AND DEVELOPMENT****COAL MINING**

Indian Mining Industry began its production around 1774, when the East India Company allowed an English company to undertake mining activity in the coalfield of Raniganj. Indian coal production contributes around 80% of total country's mining industry production with 84 minerals. The tradition of Indian Mining is very old and undergoes modernization along with the rest of the world as India gained independence in 1947.

Mining in India is a vital economic activity which contributes considerably to the economy of India. As a result of higher degree of mechanization of mining industry, today India's opencast mines contributes around 90% of total country coal production, which was 10% in 1974 – 75. Presently, country have number of large and highly mechanized opencast mines of over 20 – 35 million tonnes per annum capacity.

Indian coal reserve mineable by underground is more than 70% out of the total proved coal reserves, balanced from opencast or other mining system, whereas the percentage share of underground coal production is about 10% of the total production. Ever growing demand of coal has necessitated the coal mining industry to emphasise on increase in production and productivity of coal from deeper to explore the untapped resources, otherwise by 2040 – 41 country present coal blocks will run out of reserves.

Presently, India now ranks as the 3rd largest coal producer in the world, next only to China and USA with coal reserves of 267.20 billion tonnes, which contributes to 6.66% of the total world reserves. India has enough coal for the next 210 years with current rate of production, but despite its huge resource base, till date, India has not been able to minimize its coal deficit.

About 87% of coal resources lie within the depth range of 600 m. However, in most of the coalfields, exploration work beyond 600 m depth is yet to be taken up. It is expected that the resource figures will improve considerably, with increased depth of exploration. The Ministry of Coal is also working to increase the capacity of government's exploration and mapping agency CMPDI and allow private companies to conduct the same in its efforts to tap more mining resources to meet the growing consumption.

**FUTURE SCENARIO**

India's planned growth in infrastructure, the demand for all metallic and non-metallic minerals will grow, which in turn will increase the demand for mining equipment. India has more than 3,000 mines, of which about 20% are for coal, 20% for metallic minerals and balance 60% produce non-metallic minerals but the main consumption of mining equipment in the country mostly in coal, iron ore and limestone. The consumptions of mining equipment have grown progressively in line with the increased mining activities, and current trend is on use of larger sized equipment with latest state-of-art-technology to increase the mining productivity with higher level of safety.

To sustain the GDP growth of about 8%, the energy supply has to keep a steady pace. Since around 60% of energy generated in India is through coal, it would continue to be the single most important energy source in India in the next 20-30 years. Hence, to meet the growing energy demand, the coal mining sector in India has to grow at least at the rate of the growth of the GDP. This would generate the need for advanced, high capacity and energy-efficient mining machinery. Further, the country would have to seriously look to invest in underground mining technology in the near future to increase the production from underground mining with superior grade of coal.

India's ever growing demand of superior grade coal has necessitated the mining industry to emphasise on increase in production and productivity of underground coal mines. Indian coal reserve mineable by underground is more than 70% out of the total proved coal reserves, whereas the at present percentage share of underground coal production is about 10% of the total production.

Country's mining industries have a specific demand of major mining equipment, both in terms of size and technology due to the setting up of major underground mining projects. Traditionally the Indian mining industries have limited capacity of equipment due to restriction of statutory operational norms, while future trend is shifting towards higher production capacity of state-of-the-art-technology. There has been a noticeable trend in technology adoption for large size of mining equipment. Today, leading coal producer countries are using large size of mining equipment equipped with powerful electronic



controls, information management systems, electronically controlled automatic transmission, emission-controlled engines etc.

The Ministry of Coal has emphasized the production of coal from underground mines by introduction of state-of-art-technology of mining viz. Room & Pillar Method, Blasting Gallery Method, Thick Seam Mining, Highwall Mining, Longwall Mining etc. Implementation of state-of-art technology by starting new projects as well as replacing the existing intermediate technology with higher degrees of mechanization like will create good requirement of products like Continuous Miner, Underground Drilling Machines, Remote Operated Higher Capacity of Load Haul Dump, Higher Capacity of Side Dump Loaders etc., which have been successfully adopted in other leading coal producer countries. This will help to increase productivity and will reduce the production cost in underground mines with higher degree of safety as well as current underground contribution of 10% in country's total coal production.

The Coal Vision 2025 issued from the government envisions an additional investment of more than of Rs. 23,000 crores in underground mining to increase the production to the projected level by 2025. Investment of this order from public sector alone may not be feasible. Privatization of coal mining and allocation of coal blocks to private entrepreneurs is aimed to accelerate coal production to meet the growing demand. With major mining projects coming up, rapid growth in the mining equipment industry is envisaged in near future. Several large mining projects, both in Government as well as private sector, are at different stages of implementation which involve large fleet of mining equipment. Coal India Limited has indicated investment for long-term including emergency plan in 2011 - 12 about Rs. 14,085 Crore.

Equipment for underground mining is hardly being manufactured in India and your company is being pioneer in underground mining equipment and was first to introduce intermediate technology in Indian mines long back.

Your company is now further adding larger sizes of remote and non-remote operated Load Haul Dumpers, larger sizes of Side Dump Loaders, longer hole sizes of Underground Drill Machines etc. to meet the need of Mining Industry toward higher degree of mechanization of underground coal mines.

Your company has already entered into a new area of manufacture of mining equipment for opencast mining operation as an established manufacturer of 160mm

Rotary Blast Hole Drills. This new area of business would also result in increased business commensurate with the growth of the segment.

### **NON – COAL MINING**

The country is having huge resources of around 87 minerals which include 4 fuels, 10 metallic, 47 non-metallic, 3 atomic and 23 minor minerals. Mining and Mineral Industries constitute the backbone for industrial expansion and play vital role in Indian economy.

Minerals are valuable natural resources being finite and non-renewable. They constitute the vital raw materials for many basic industries and are a major resource for development. The wide availability of the minerals in the form of abundant rich reserves made it very conducive for the growth and development of the mining sector in India.

### **FUTURE SCENARIO**

The mining industry has seen healthy growth between 3 and 5% in the last few years and which is expected to continue. The increasing demand of mineral and thrust on mechanization of mining industry is increasing opportunity for mining equipment.

The demand of certain key metallic and non-metallic minerals like copper, zinc, uranium, iron ore, manganese, bauxite, limestone, stone, silica, dolomite and quartz is going to increase. This will key factor on increase of demand for mining equipment to meet the Country's planned growth. Investment of the order of Rupees 250 - 500 billion is expected in the Indian mining sector in the next five years.

As was mentioned earlier, your company had entered into marketing arrangement with European manufacturer for bigger capacity of Dumpers and Loaders and in future your company has plan to go for manufacture of these higher capacity sophisticated mining equipment in India to contribute further towards mechanization of Indian non-coal mines

### **CONSTRUCTION EQUIPMENT INDUSTRY**

Construction equipment constitutes the biggest component of construction costs only after construction materials, which is the 30-50% of the total cost. The present size of construction equipment industry is Rupees 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 year. The construction equipment is among the main beneficiaries of the boom

in construction.

The country's demand for construction equipment is directly linked with development of road infrastructure, development of ports, pipelines, airports, power and other infrastructure projects, mining, building and material handling. 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.

India's booming infrastructure sector is fuelling demand for all kinds of construction equipment. Before the opening up of the Indian economy, and the entry of international majors, much of infrastructure development and construction in the real estate sector was done manually. But with the infrastructure and construction sectors undergoing dramatic changes, builders and contractors are acquiring sophisticated equipment to execute the multi-million-dollar projects.

Over a decade, road-building activity in India has offered major growth opportunities for the construction equipment industry. Today, the Indian customer is much more appreciative of the modern technology available today.

### **FUTURE SCENARIO**

This is expected to attract an investment of more than \$ 500 billion over the next five years; from the present \$ 2.5 billion dollar infrastructure industry to \$ 12-13 billion industry by 2015. At 7% growth in the economy, infrastructure typically grows at 14% which in turn, fuels the growth of the construction equipment by 24%. What further fuels this segment is that the government has sanctioned Rs 1.73 lakh crore in infrastructure up gradation for the Eleventh Plan. The government investments have been articulated clearly for the 11th and 12th Year Plans and when these investments in value are translated into equipment worth, it clearly signifies the emanating demand of equipment.

According to various sources, India will need an infusion of nearly \$ 1 trillion investment during 12th Five Year Plan (2012 – 2017) to build more airports, seaports, highways, power plants, railways, and dedicated freight corridors, etc. Hence, there is a lot of opportunity for capital equipment manufacturers and overall earthmoving

industry in India will grow by at least 10-15 % over the next five years.

To meet the demands of planned investments, the market will more than double between 2012 and 2014, with a noticeable increase in sales of all types of construction equipment used for road-making. As per the inputs from research organizations, the maximum sale is expected in the wheel loader with a projected growth of 88 %, from 2,500 units in 2010 to 4,700 units in 2014.

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 replace manual labor.

Your company has already entered to tap fast growing construction industry by introduction state-of-the-art Model AL 120 Wheel Loader with bucket capacity of 1.2 m<sup>3</sup>, which has already met market acceptability and is now ready to introduce bigger size of Wheel Loader with bucket capacity of 1.9 m<sup>3</sup> in this current financial year.

### **OPPORTUNITY AND THREATS**

Your company has already taped the market of smaller size of wheel loader in construction equipment segment by introduction of state-of-the-art-technology Model AL 120 Wheel Loader and now ready to introduce bigger size of Wheel Loader. This will inflate the diversified business of your company in construction equipment segment and will also reduce the company's dependency on government client to considerable extent in future.

Your company has also got the status of established manufacturer for Model 611 Drill for underground coal mining application and expects this market to provide manifold in future to achieve objectives of mechanization underground coal mines by major coal producers in the country.

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

Threat will continue to hover International Mining Equipment manufacturer consequent to Globalization,



who are planning in a big way to establish their presence in India, which will make business very competitive and pressure will be experienced on margins. We are planning to combat this threat by optimizing resources to be able to compete successfully with newcomers in this field. The present trends of larger size of equipment application in growing mining industry will also be a big threat.

### **OUT LOOK FOR THE COMPANY**

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

### **RISK AND CONCERNS**

Since most of the new products are in the introductory stage and are in process of being established, the main risk and concern of the company remains that it will continue to depend on Government client for some more time.

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

### **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 31<sup>st</sup> March, 2011 were Rs.1875.24 million as compared to Rs.1645.65 million on 31<sup>st</sup> March, 2010. The net profit stood at Rs.133.95 million (previous year Rs.128.02 million).

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

1. We have audited the attached Balance Sheet of Eimco Elecon (India) Ltd. as at 31<sup>st</sup> March 2011 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 Companies (Auditor's report) Order, 2003 as amended by the Companies (Auditor's report) (Amendments) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we annex hereto 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, 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, 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. Without qualifying our opinion, we draw attention:-  
Note No 12 of Schedule 14 of financial statements regarding provisioning of commission amounting to Rs. 12.5 Lacs to Non- Executive Directors, which is subject to Shareholders' approval.
  - vi. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - vii. 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 31<sup>st</sup> March, 2011;
    - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (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  
Firm Reg. No. 110758W

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

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



## ANNEXURE TO THE AUDITOR'S REPORT

### RE: Eimco Elecon (India) Ltd.

Vallabh Vidhyanagar- 388 120  
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) During the year the company has not given any loans secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence Clause (iii) (b),(c),(d) are not applicable to the company.
- (b) 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 has 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 contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
- (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.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- (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 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.



(b) The disputed Statutory dues aggregating to Rs. 815.27 lacs, that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

<b>Sr. No.</b>	<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (Rs.In Lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
1.	Income Tax Act, 1961	Income Tax/ Penalties	11.13	Various years from 2005-06 to 2007-08	Appellate Authority
2.	Central Excise Act, 1944	Excise Duty and Service Tax	804.14	Various years from 2004-05 to 2010-11	Appellate Authority

(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.

(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.

(xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.

(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.

(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.

(xv) In our opinion and according to the explanations given to us the company has not given any guarantee during the year for loans taken by others from financial institutions or banks.

(xvi) The term loans have been applied for the purpose for which they were raised.

(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.

(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.

(xix) During the period covered by our audit report, the company has not issued any debentures.

(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.

(xxi) We report that no material fraud on or by the company has been noticed or reported during the course of our audit.

For TALATI & TALATI  
Chartered Accountants  
Firm Reg. No. 110758W

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

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	Amount Rupees	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	1,341,354,118		1,234,217,549
			1,399,037,968	1,291,901,399
<b>Loan Funds</b>				
Secured Loans	3	-		8,167,575
Unsecured Loans	4	-		102,964,410
			-	111,131,985
Deferred Tax Liability (Net)			17,206,398	27,420,658
	<b>Total ...</b>		<b>1,416,244,366</b>	<b>1,430,454,042</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>	5	919,595,829		936,994,432
Less: Depreciation		661,063,069		631,961,235
Net Block		258,532,760		305,033,197
Capital Work in Progress		-		2,627,504
Net Block			258,532,760	307,660,701
<b>Investments</b>	6		62,615,611	25,588,848
<b>Current Assets, Loans and Advances</b>	7			
Inventories		726,988,061		771,735,964
Sundry Debtors		502,593,362		534,934,659
Cash and Bank Balances		24,100,576		31,204,799
Loans and Advances		112,861,714		121,660,642
		1,366,543,713		1,459,536,064
<b>Less : Current Liabilities and Provisions</b>	8			
Current Liabilities		238,320,205		328,921,264
Provisions		33,127,513		33,410,307
		271,447,718		362,331,571
<b>Net Current Assets</b>			1,095,095,995	1,097,204,493
<b>Notes to the Accounts</b>	14	<b>Total....</b>	<b>1,416,244,366</b>	<b>1,430,454,042</b>

As per our report of even date  
For TALATI & TALATI  
Chartered Accountants  
FRN 110758W

UMESH H.TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

Nilesh D.Shelat  
(Company Secretary)

Mr. P. B. Patel  
Mr. P. M. Patel  
Mr. A. M. Deshpande

Managing Director  
Director  
Wholetime Director

Mumbai  
Date : 3<sup>rd</sup> May, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	Schedule	Amount Rupees	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
<b>INCOME :</b>				
<b>Gross Sales</b>			<b>1,952,520,813</b>	1,705,522,113
Less: Excise Duty			<b>108,144,070</b>	83,160,498
<b>Net Sales</b>			<b>1,844,376,743</b>	1,622,361,615
Other Income	<b>9</b>		<b>30,865,864</b>	23,297,497
			<b>1,875,242,607</b>	1,645,659,112
<b>EXPENDITURE :</b>				
Manufacturing Expenses	<b>10</b>	<b>1,176,411,185</b>		984,700,343
Employees Cost	<b>11</b>	<b>80,300,702</b>		73,267,983
Administrative, Selling and Other Expenses	<b>12</b>	<b>356,070,221</b>		317,941,779
Interest Expenses	<b>13</b>	<b>1,994,074</b>		10,899,054
Depreciation		<b>63,636,045</b>		69,478,422
			<b>1,678,412,227</b>	1,456,287,581
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>			<b>196,830,380</b>	189,371,531
Add : Profit on Sale of Investment			<b>26,350</b>	1,622,011
<b>PROFIT BEFORE TAX</b>			<b>196,856,730</b>	190,993,542
Less / (Add) :				
Provision for Current Tax			<b>72,310,000</b>	72,200,000
Short / (Excess) Provision for Income Tax			<b>807,776</b>	(1,330,065)
Provision for Deferred Tax			<b>(10,214,260)</b>	(7,901,886)
<b>PROFIT AFTER TAX</b>			<b>133,953,214</b>	128,025,493
Add : Balance brought forward			<b>33,045,674</b>	31,926,236
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>166,998,888</b>	159,951,729
<b>APPROPRIATIONS</b>				
Proposed Dividend			<b>23,073,540</b>	23,073,540
Dividend Tax			<b>3,743,105</b>	3,832,515
Transfer to General Reserve			<b>105,000,000</b>	100,000,000
Balance Carried forward			<b>35,182,243</b>	33,045,674
			<b>166,998,888</b>	159,951,729
<b>Notes to the Accounts</b>	<b>14</b>			
Earnings per share (Rs.) Basic & Diluted (Nominal Value of Equity Shares Rs.10 each)			<b>23.22</b>	22.19

As per our report of even date

For TALATI & TALATI  
Chartered Accountants  
FRN 110758W

UMESH H.TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

Nilesh D.Shelat  
(Company Secretary)

For and on behalf of the Board of Directors

Mr. P. B. Patel                      Managing Director  
Mr. P. M. Patel                      Director  
Mr. A. M. Deshpande                Wholetime Director

Mumbai  
Date : 3<sup>rd</sup> May, 2011



## STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES.

	For the year ended 31.03.2011 Amount Rupees	For the year ended 31.03.2010 Amount Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items:	196,856,730	190,993,542
<b>Add:</b>		
1) Depreciation	63,636,045	69,478,422
2) Interest Paid	1,994,074	10,899,054
	<u>65,630,119</u>	<u>80,377,476</u>
<b>Less:</b>		
1) Interest Received	734,487	867,832
2) Dividend Received	713,216	3,460,505
3) Profit on Sale of Assets	3,786,258	472,682
4) Profit on Sale of Investments	26,350	1,622,011
	<u>5,260,311</u>	<u>6,423,030</u>
<b>Operating profit before change in working capital</b>	<b>257,226,538</b>	<b>264,947,988</b>
<b>Changes in Working Capital</b>		
<b>Add / (Less) :</b>		
1) Inventories	44,747,903	(73,757,812)
2) Trade Payable	(90,794,443)	53,131,468
3) Trade Receivables	32,341,297	(1,378,358)
4) Loans and Advances	11,968,888	(38,101,682)
	<u>(1,736,355)</u>	<u>(60,106,384)</u>
<b>Cash Generated from Operation</b>	<b>255,490,183</b>	<b>204,841,604</b>
<b>Less :</b>		
1) Income Tax (Net)	76,287,736	74,261,830
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>	<b>179,202,447</b>	<b>130,579,774</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
1) Sale of Fixed Assets	4,252,012	1,598,416
2) Sale of Investments	563,580	17,069,793
3) Interest Received	734,487	867,832
4) Dividend Received	713,216	3,460,505
	<u>6,263,295</u>	<u>22,996,546</u>
<b>Less:</b>		
1) Purchase of Fixed Assets	14,973,858	16,692,296
2) Purchase of Investments	37,563,993	2,495,404
	<u>52,537,851</u>	<u>19,187,700</u>
<b>NET CASH UTILISED IN INVESTING ACTIVITIES (B)</b>	<b>(46,274,556)</b>	<b>3,808,846</b>

	For the year ended 31.03.2011 Amount Rupees	For the year ended 31.03.2010 Amount Rupees
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
<b>Inflow :</b>		
1) Proceeds from Borrowings (Net)	-	100,000,000
	<u>-</u>	<u>100,000,000</u>
<b>Outflow:</b>		
<b>Less:</b>		
1) Repayment of Borrowings - Secured Loans	8,167,575	21,312,935
2) Repayment of Borrowings - Unsecured Loans	102,964,410	170,678,679
3) Interest Paid	1,994,074	10,899,054
4) Dividend Paid	26,906,055	26,994,888
	<u>140,032,114</u>	<u>229,885,556</u>
<b>NET CASH GENERATED IN FINANCIAL ACTIVITIES (C)</b>	<u><b>(140,032,114)</b></u>	<u><b>(129,885,556)</b></u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(7,104,223)</b>	4,503,064
Cash and Cash Equivalents as at 01/04/2010	<b>31,204,799</b>	26,701,735
Cash and Cash Equivalents as at 31/03/2011	<u><b>24,100,576</b></u>	<u><b>31,204,799</b></u>

As per our report of even date

For TALATI & TALATI  
Chartered Accountants  
FRN 110758W

UMESH H.TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

Nilesh D.Shelat  
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Mr. P. B. Patel  
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Mr. A. M. Deshpande

Managing Director  
Director  
Wholetime Director

Mumbai  
Date : 3<sup>rd</sup> May, 2011

**SCHEDULES FORMING PART OF THE ACCOUNTS**

<b>SCHEDULE - 1</b>	<b>As at 31.3.2011 Rupees</b>	<b>As at 31.3.2010 Rupees</b>
<b>SHARE CAPITAL</b>		
Authorised :		
10,000,000 Equity shares of Rs.10 each	<b>100,000,000</b>	100,000,000
Issued :		
5,768,386 Equity shares of Rs.10 each	<b>57,683,860</b>	57,683,860
Subscribed and Paid up :		
5,768,385 Equity shares of Rs.10 each	<b>57,683,850</b>	57,683,850
<b>Total ..</b>	<b><u>57,683,850</u></b>	<b><u>57,683,850</u></b>

**Note :**

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

**SCHEDULE - 2  
RESERVES AND SURPLUS**

<b>Capital Reserve</b>		
As per Last Balance Sheet	<b>291,000</b>	291,000
<b>Share Premium</b>		
As per Last Balance Sheet	<b>75,383,000</b>	75,383,000
<b>General Reserve</b>		
As per Last Balance Sheet	<b>1,125,497,875</b>	1,025,497,875
Add : Transferred from Profit & Loss Account	<b>105,000,000</b>	100,000,000
	<b><u>1,230,497,875</u></b>	<b><u>1,125,497,875</u></b>
<b>Surplus as per Profit &amp; Loss Account</b>	<b>35,182,243</b>	33,045,674
<b>Total ..</b>	<b><u>1,341,354,118</u></b>	<b><u>1,234,217,549</u></b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	<b>As at 31.3.2011 Rupees</b>	As at 31.3.2010 Rupees
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
From Banks for Working Capital	-	-
Term Loan from State Bank of India	-	8,167,575
<b>Total ..</b>	<u>-</u>	<u>8,167,575</u>

**Note:** Cash Credit are secured by first charge on the whole of inventories and book debts and first charge on whole of immovable properties and plant and machinery of the Company.

Term loans are secured by way of hypothication of certain movable properties of the Company.

	<b>As at 31.3.2011 Rupees</b>	As at 31.3.2010 Rupees
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	-	2,964,410
Commercial Paper	-	100,000,000
(Maximum outstanding during the year Rs. 10 Crores. P.Y. Rs. 10 Crores)	<b>Total ..</b>	<b>102,964,410</b>
	<u>-</u>	<u>102,964,410</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**
**SCHEDULE - 5**
**FIXED ASSETS**

Amount in Rs.

A S S E T S	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April 2010	Additions	Deductions/ Adjust-ments	As at 31st March 2011	As at 1st April 2010	For the year	Deductions/ Adjust-ments	As at 31st March 2011	As at 31st March 2010
Freehold Land	1,925,793	-	-	1,925,793	-	-	-	1,925,793	1,925,793
Buildings	49,767,014	8,748,400	-	58,515,414	23,849,857	2,273,892	-	26,123,749	25,917,157
Plant & Machinery	781,949,629	6,293,720	33,565,296	754,678,053	550,094,227	49,831,258	33,450,795	566,474,690	231,855,402
Plant & Machinery (Leased)	3,785,280	-	-	3,785,280	3,667,726	-	-	3,667,726	117,554
Electric Fittings	6,916,832	-	-	6,916,832	4,877,170	263,703	-	5,160,873	2,039,662
Office Equipments and Airconditioners	14,667,992	112,018	-	14,780,010	9,351,574	759,808	-	10,111,382	5,316,418
Furniture and Fixtures	22,925,489	30,820	-	22,956,309	17,490,642	986,513	-	18,477,155	5,434,847
Vehicles	24,916,325	2,416,404	1,434,669	25,898,060	8,969,927	4,337,527	1,083,416	12,224,038	15,946,398
Intangible Assets	30,140,078	-	-	30,140,078	13,660,112	5,163,344	-	18,823,456	16,479,966
<b>TOTAL</b>	<b>936,994,432</b>	<b>17,601,362</b>	<b>34,999,965</b>	<b>919,595,829</b>	<b>631,961,235</b>	<b>63,636,045</b>	<b>34,534,211</b>	<b>661,063,069</b>	<b>305,033,197</b>
Previous Year	938,061,413	14,064,792	15,131,773	936,994,432	576,488,852	69,478,422	14,006,039	631,961,235	361,572,561
Capital Work - in-Progress									2,627,504
									258,532,760
									307,660,701



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>(Long term, unless otherwise stated)</b>		
<b>Trade Investments : Unquoted</b>		
Wizard Fincap Ltd. (249500 Shares of Rs.10/- each)	2,495,000	2,495,000
Eimco Elecon Electricals Ltd. (510000 shares of Rs.10/- each)	5,100,000	5,100,000
	<u>7,595,000</u>	<u>7,595,000</u>
<b>Other Investments :</b>		
<b>Non Trade Investments : Quoted</b>		
Bank of Baroda (700 shares of Rs.10/- each)	59,500	59,500
Grasim Industries Ltd. (1000 shares of Rs.10/- each)	1,083,728	1,083,728
Ultratech Cement Limited ( 571 shares of Rs.10/-) (Received during the year in lieu of scheme of arrangement between Grasim Industries Limited and Samruddhi Cement Limited / Received in lieu of scheme of Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited)	-	-
Great Offshore Ltd. (238 shares of Rs.10/- each)	-	-
Infosys Ltd. (1856 shares of Rs.5/- each)	1,118,225	1,118,225
Mahindra & Mahindra Ltd. ( 8800 shares of Rs.5/- each)	895,291	895,291
Reliance Industries Ltd. (5100 shares of Rs.10/- each)	1,809,741	1,809,741
Reliance Infrastructure Ltd. (390 shares of Rs.10/- each)	277,359	277,359
State Bank of India (3500 shares of Rs. 10/- each)	2,986,499	2,986,499
Tata Chemicals Ltd(10000 shares of Rs.10/- each)	1,128,848	1,128,848
Tata Iron and Steel Co. Ltd. (11325 shares of Rs.10/- each)	3,329,132	3,329,132
Tata Power Ltd. (5000 shares of Rs.10/- each)	1,410,000	1,410,000
ITC Limited ( 3000 shares of Rs.1/- each ) (1500 Bonus shares received during the year)	349,620	349,620
Bharti Airtel Limited (2655 shares of Rs.5/- each)	1,149,960	1,149,960
Colgate-Palmolive (I) Ltd. (500 shares of Rs.1/- each)	323,095	323,095
Hindustan Unilever Ltd. (1500 shares of Rs.1/- each)	395,370	395,370
Larsen & Toubro Ltd. (500 shares of Rs.2/- each)	877,089	877,089
Siemens Ltd. (294 shares of Rs.2/- each) (606 shares surrendered during the year under buy back offer)	260,636	797,866
	<u>17,454,093</u>	<u>17,991,323</u>
<b>Aggregate amount of Quoted investment</b>		
<b>[Market value Rs. 5,16,18,266/- P.Y Rs.4,66,95,261/-]</b>		
<b>INVESTMENT IN MUTUAL FUND - Unquoted</b>		
1. Reliance Medium Term Fund (587645.840 Units NAV Rs.17.0959)	10,046,335	-
2. Reliance Liquid Fund (1145738.614 Units NAV Rs.15.2874)	17,515,365	-
3. ICICI Prudential Liquid Institutional Plus Plan (84396.856 Units NAV Rs.118.5150)	10,002,293	-
	<u>37,563,993</u>	<u>-</u>
<b>[Market value Rs. 3,75,63,993/- P.Y Rs.NIL]</b>		
<b>UNQUOTED ( Non -Trade)</b>		
Charotar Gas Sahakari Mandali	2,525	2,525
<b>Total ..</b>	<u><u>62,615,611</u></u>	<u><u>25,588,848</u></u>

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

	As at 31.3.2011 Rupees	As at 31.3.2010 Rupees
<b>A. Current Assets</b>		
<b>Inventories (As taken, valued and certified by the Management)</b> (Refer Note No.1(E) pertaining to Accounting Policy)		
Raw Materials	28,194,950	44,093,368
Work in progress	96,326,239	195,510,104
Finished Goods	65,425,997	12,052,232
Spares and Components	537,040,875	512,591,030
Goods in Transit	-	7,489,230
<b>Total ..</b>	<u><u>726,988,061</u></u>	<u><u>771,735,964</u></u>
<b>Sundry Debtors</b> (Unsecured considered good)		
Exceeding six months	27,413,771	13,902,498
Less : Provision for Doubtful Debtors	<u>4,159,493</u>	-
	23,254,278	13,902,498
Other Debtors	<u>479,339,084</u>	521,032,161
<b>Total ..</b>	<u><u>502,593,362</u></u>	<u><u>534,934,659</u></u>
<b>Cash and Bank Balance</b>		
Cash on Hand	39,791	39,791
Balances with Scheduled Banks		
In Current Accounts	22,404,145	27,032,929
In Unpaid Dividend Accounts	1,156,640	1,132,079
In Short Term Deposit Account	500,000	3,000,000
<b>Total ..</b>	<u><u>24,100,576</u></u>	<u><u>31,204,799</u></u>
<b>B. Loans and Advances</b> (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	77,377,444	11,081,006
Interest Receivables	28,767	205,639
Advances to Suppliers	13,634,277	17,703,278
Balance with Excise, Customs Authorities	10,231,220	84,250,673
Income Tax / Wealth Tax / FBT paid	443,962,427	401,281,114
Less : Provision for Income Tax / Wealth Tax / FBT	<u>432,372,421</u>	392,861,068
	11,590,006	8,420,046
<b>Total..</b>	<u><u>112,861,714</u></u>	<u><u>121,660,642</u></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	<b>As at 31.3.2011 Rupees</b>	<b>As at 31.3.2010 Rupees</b>
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	<b>236,415,216</b>	325,428,394
Unpaid Interest	<b>82,287</b>	138,011
Advance from Customers	<b>563,843</b>	2,100,000
<b>Investor Protection Fund shall be credited by the following amounts namely :</b>		
Unclaimed Dividend	<b>1,156,640</b>	1,132,059
Unclaimed Deposits	<b>74,000</b>	94,000
Unpaid Interest on Unclaimed Deposits	<b>28,219</b>	28,800
<b>Total..</b>	<b>238,320,205</b>	328,921,264
<b>Provisions</b>		
Provision for Leave Encashment	<b>6,310,868</b>	6,504,252
Proposed Dividend	<b>23,073,540</b>	23,073,540
Dividend Tax	<b>3,743,105</b>	3,832,515
<b>Total..</b>	<b>33,127,513</b>	33,410,307
<b>SCHEDULE - 9</b>		
<b>OTHER INCOME</b>		
	<b>For the Year ended 31.03.2011 Rupees</b>	<b>For the Year ended 31.03.2010 Rupees</b>
Income from other sources	<b>18,407,836</b>	14,496,165
Interest on Deposits	<b>39,564</b>	247,735
Interest others	<b>694,923</b>	620,097
Commission	<b>-</b>	112,715
Dividend - On Trade Investments	<b>-</b>	2,800,000
- Others	<b>713,216</b>	660,505
Insurance claim received	<b>5,992,455</b>	123,856
Foreign Exchange Difference (Net)	<b>55,195</b>	3,729,915
Sales Tax Refund	<b>1,027,596</b>	-
Duty Drawback Claim Received	<b>148,821</b>	-
Sundry Credit Balance Written Back	<b>-</b>	33,827
Profit on Sale of Fixed Assets	<b>3,786,258</b>	472,682
<b>Total..</b>	<b>30,865,864</b>	23,297,497

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	Rupees	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
<b>SCHEDULE - 10</b>			
<b>MANUFACTURING EXPENSES</b>			
Consumption of Raw Material, Spares & Components		1,050,922,940	1,014,597,217
Consumption of Stores		17,550,030	16,301,418
Power and Lighting		9,044,460	5,272,873
<b>(Increase)/Decrease in Stock</b>			
Opening Stock - Finished Goods	12,052,232		32,725,839
Work in Progress	195,510,104		95,917,463
Less:	<u>207,562,336</u>		<u>128,643,302</u>
Closing Stock - Finished Goods	65,425,997		12,052,232
Work in Progress	96,326,239		195,510,104
	<u>161,752,236</u>		<u>207,562,336</u>
		45,810,100	(78,919,034)
<b>Repairs &amp; Maintenance</b>			
Plant and Machinery	20,052,866		13,229,300
Building	22,146,373		10,047,121
Computer	2,741,266		3,262,191
Others	<u>2,408,448</u>		<u>1,514,775</u>
		47,348,953	28,053,387
Central Excise borne by us		750,570	760,348
Provision for Excise Duty on Finished Goods at Factory		4,984,132	(1,365,866)
	<b>Total..</b>	<u><u>1,176,411,185</u></u>	<u><u>984,700,343</u></u>

**SCHEDULE - 11****EMPLOYEES COST**

Salaries, Wages and Bonus		68,649,594	63,107,961
Contribution to Provident and other Funds		3,975,193	3,660,547
Contribution to Gratuity Fund		2,700,214	989,314
Contribution to Superannuation Fund		2,705,244	2,693,361
Workers and Staff Welfare		2,270,457	2,816,800
	<b>Total..</b>	<u><u>80,300,702</u></u>	<u><u>73,267,983</u></u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - 12**

**ADMINISTRATIVE, SELLING AND OTHER EXPENSES :**

	For the year ended 31.3.2011 Rupees	For the year ended 31.3.2010 Rupees
Insurance	3,157,270	2,377,881
Rates and Taxes	1,556,306	3,573,241
Product Warranty Provision	18,443,767	16,223,616
Rent	7,249,705	6,272,101
Freight	7,058,151	5,831,706
Compensation to Distributors	211,799,174	198,509,653
Advertisement and Sales Promotion	6,114,497	2,300,885
Computer Expense	394,553	441,718
Travelling and Conveyance	10,609,709	7,582,886
Software licence fees	6,935,960	6,643,678
Legal and Professional Fees	12,124,153	9,279,349
Directors' Sitting Fees	430,000	370,000
Managerial Remuneration	16,452,635	15,103,885
Auditors Remuneration	392,010	367,469
Lease Rent	1,360,090	2,372,070
Bank charges	4,810,653	4,380,726
Bad Debts written off	928,113	30,130
Provision for Doubtful Debts	4,159,493	-
LD charges	4,058,883	6,072,516
Works & Office Expenses	4,840,950	3,752,337
Miscellaneous Labour Charges	14,589,676	10,873,936
E.mail & Internet Expenses	1,137,782	1,137,500
Garden Expense	1,242,675	807,071
Donation	10,918,000	9,588,000
Training Expenses	59,200	-
Sundry Creditors debit balance written off	279,300	-
Other Expenses	4,967,516	4,049,425
<b>Total..</b>	<b>356,070,221</b>	<b>317,941,779</b>

**SCHEDULE - 13**

**INTEREST EXPENSES :**

On Cash Credit	644,164	4,998,762
On Term Loan	145,595	2,234,001
On Fixed Deposits	11,215	844,704
Othes	1,193,100	2,821,587
<b>Total..</b>	<b>1,994,074</b>	<b>10,899,054</b>

**NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE - 14****(1) SIGNIFICANT ACCOUNTING POLICIES****[A] BASIS OF ACCOUNTING**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the provisions of the Companies Act 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

**[B] USE OF ESTIMATES**

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**[C] FIXED ASSETS AND DEPRECIATION**

Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost Comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use, but excluding Cenvat / Service Tax / VAT credit availed. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

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%.

Intangible assets are shown at Cost of Acquisition less accumulated amortisation. Technical Know-how is amortised on Straight Line Method over the best estimated useful life of the assets.

**[D] INVESTMENTS**

Long Term investments are valued at cost less provision for diminution other than temporary, in value if any as at the Balance sheet date.

**[E] INVENTORIES**

Inventories are stated at Cost or Net realisable value whichever is lower after considering credit of VAT and Cenvat.

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

Cost of work in progress includes cost of raw material, appropriate share of labour and manufacturing overheads are valued at lower of cost and net realisable value.

Finished Goods are valued at lower of Cost including excise duty payable thereon or Net realisable value.

**[F] REVENUE RECOGNITION**

Sales are stated net of rebate and trade discount and excludes Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

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

**NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE - 14****[G] OPERATING LEASE**

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

**[H] EMPLOYEE BENEFITS****(i) (a) Short Term**

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

**(b) Long Term**

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

**(c) Defined Contribution Plans**

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

**(d) Defined Benefit Plans**

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

**(e) Other Employee Benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

**(ii) Voluntary Retirement Scheme**

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

**[I] EXCISE DUTY**

Excise duty payable on production and custom duty payable on imports are included in the value of finished goods, both in respect of goods cleared and lying in Bonded warehouse.

**[J] 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.



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**NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE - 14****[K] BORROWING COST**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized upto the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings.

**[L] PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

**[M] TAXATION**

- (a) Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.
- (b) Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realised in future.

**[N] 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.

Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**[O] CASH FLOW STATEMENT**

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and other current account balance / deposits with banks.

**[P] IMPAIRMENT OF ASSETS**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**[Q] PRODUCT WARRANTY EXPENSES**

Product warranty expenses are determined based on Company's historical experience and estimates are accrued in the year of Sale.



**NOTES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - 14**

(2) **Estimated amount of contracts remaining to be executed on Capital Account Rs. Nil ( P.Y . 34 lacs )**

(3) **Contingent Liabilities not provided for**

<b>Particulars</b>	<b>2010-11 Rupees</b>	<b>2009-10 Rupees</b>
Gurantees Issued by Banks	<b>184,165,357</b>	124,930,289
LC opened but goods yet to be received	<b>24,918,850</b>	80,749,052
Income tax demand disputed by the Company	<b>17,988,069</b>	16,713,882
Sales Tax Demand Disputed by the Company	<b>2,742,317</b>	20,944,190
Excise & Service tax Demand Disputed by the Company	<b>136,704,368</b>	17,823,858

(4) 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 actuarial assumption used in determining the Gratuity for the Company's plan is as under :

<b>Particulars</b>	<b>Gratuity ( Funded )</b>	
	<b>2010-11</b>	<b>2009-10</b>
Discount Rate	<b>8.25%</b>	8.25%
Rate of Increase in Compensation Levels	<b>7.00%</b>	6.00%
Rate of Return of plan assets	<b>8.25%</b>	8.25%
Employee Turnover	<b>2%</b>	1%

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)**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Current service cost	<b>13.65</b>	12.10
Interest cost	<b>17.70</b>	14.58
Expected return on plan assets	<b>(17.21)</b>	(14.80)
Net actuarial (gain) / loss recognised in the year	<b>14.76</b>	6.36
Net benefit expense	<b>28.90</b>	18.24

**Balance Sheet**

**Details of Provision for Gratuity (Rs. in lacs)**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Defined benefit obligation	<b>252.20</b>	214.60
Fair value of plan assets	<b>287.38</b>	208.63
	<b>(35.18)</b>	5.97
Less: Unrecognised past service cost	<b>-</b>	-
Liability / ( Assets ) recognised in the Balance sheet.	<b>(35.18)</b>	5.97

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

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>2010-11</b>	<b>2009-10</b>
Opening defined benefit obligation	<b>214.60</b>	182.19
Interest cost on benefit obligation	<b>17.70</b>	14.58
Current service cost	<b>13.65</b>	12.10
Benefits paid	<b>(10.59)</b>	(2.92)
Actuarial (gains)/losses on obligation	<b>16.84</b>	8.65
Closing defined benefit obligation	<b>252.20</b>	214.60

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

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>2010-11</b>	<b>2009-10</b>
Opening fair value of plan assets	<b>208.64</b>	185.02
Expected return	<b>17.21</b>	14.80
Contributions by employer	<b>70.04</b>	9.45
Benefits paid	<b>(10.59)</b>	(2.92)
Actuarial gains / (losses)	<b>2.08</b>	2.29
Closing fair value of plan assets	<b>287.38</b>	208.64

**5. 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.

**6. PROVISION FOR WARRANTY**

A provision of Rs.1,84,43,767/- (P.Y. Rs.1,62,23,616/-) has been recognised for expected warranty claims at 1% 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.

**7. EARNING PER SHARE**

	<b>2010-11</b>	<b>2009-10</b>
	<b>Rupees</b>	<b>Rupees</b>
The numerator and the denominator used to calculate basis and diluted Earning Per Share.		
(a) Net Profit available to equity shareholders	<b>133,953,214</b>	128,025,493
(b) Weighted Average number of equity shares used as denominator for calculating EPS	<b>5,768,385</b>	5,768,385
(c) Basic and Diluted Earning Per Share (Rs.)	<b>23.22</b>	22.19
(d) Nominal Value of Equity Shares	<b>10</b>	10

**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

**8. DEFERRED TAX**

The deferred tax assets and liabilities for the current year comprises of tax effect of the following timing differences.

<b>Particulars</b>	<b>2010-11 Rupees</b>	<b>2009-10 Rupees</b>
<b>DEFERRED TAX ASSETS:</b>		
Provision for Leave encashment and Bonus	2,254,980	2,635,690
Provision for Doubtful Debtors	1,381,679	-
	<b>3,636,659</b>	<b>2,635,690</b>
<b>DEFERRED TAX LIABILITY:</b>		
Excess of written down value as per books of accounts over Income Tax Written down value.	20,843,057	30,056,348
	<b>17,206,398</b>	<b>27,420,658</b>

**9. DERIVATIVE INSTRUMENTS**

(a) During the year the Company has not entered into any forward contracts to offset foreign currency risk arising from the amounts denominated in currencies other than the indian rupees. Hence there is no outstanding as at the year end .

(b) **Foreign currency exposure at the year end not hedged by derivative instruments.**

<b>Particulars</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>
<b>Payable Against Import of Goods and Services</b>		
Rupees in Lacs	3.43	107.00
Pound Sterling	3,371.35	75,408.52
Euro	1,071.35	52,410.00
US Dollar	549.21	33,100.83
<b>Advance Payment to Supplier</b>		
Rupees in Lacs	86.89	51.76
Pound Sterling	5,121.91	0.00
Euro	122,334.66	76,594.00
US Dollar	6,582.76	0.00
JPY	517,750.00	968,440.00

**NOTES FORMING PART OF THE ACCOUNTS  
SCHEDULE - 14****10. RELATED PARTY DISCLOSURE**

- [i] **Associate** :
- Elecon Engineering Company Ltd
  - Wizard FinCap Ltd
  - Power Build Elecon Gears Ltd
  - Eimco Elecon Eletricals Limited
  - Madhubhan Prayas Resorts Limited
- [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
  - Elecon Engineering (Suzhou) Co. Ltd.
  - Elecon Transmission International Ltd.
  - Power Build Transmission International Ltd.
  - Elecon UK Transmission Ltd.
  - Elecon USA Transmission Ltd.
  - David Brown Systems Sweden AB
  - AB Benzlers
  - Benzler Technisch Buro Aandrijftechniek B.V.  
(The Netherlands)
  - Benzler Transmission A.S. (Denmark)
  - Benzler Andtriebstechnik GmbH, Germany
  - Oy Benzler AB (Finland)
  - Radicon Transmission (Thailand) Limited
  - Radicon Transmission System (Thailand) Limited
  - Radicon Transmission (Australia) Pty. Ltd.
- [iii] **Collaborators** :
- Sandvik Tamrock - France
  - Sandvik Asia Ltd. - Pune
  - Sandvik Mining & Construction - Singapore
  - Sandvik Mining & Construction - UK
  - Sandvik Mining & Construction - USA
  - Voest Alpine - SA
  - Tamrock Great Britain Holding Ltd.
- [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 - 14**

**11. During the year, the following transactions were carried out with related parties and relatives of Key Management Personnel 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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
SALES	3,223,178	-					55,994,276	45,178,549	1,722,788	17,655,555	3,223,178	-
PURCHASES	44,334,747	28,972,877					8,588,443	5,359,794			102,051,811	91,806,981
PROVI./RECEIPT OF MGT/OTH SERV.							231,827,552	222,718,042			8,588,443	5,359,794
COMMISSION EXPENSE							1,879,500	225,533		112,715	231,827,552	222,718,042
COMMISSION INCOME												112,715
SALES OF FIXED ASSETS.		596,750									1,879,500	822,283
PURCHASE OF FIXED ASSETS							3,206,764	1,034,476			3,206,764	1,034,476
SALE / REDEMPTION OF INVESTMENT		120,000						14,000,000				14,120,000
REMUNERATION-IND & WHOLETIME DIRECTOR/IND			15,202,634	15,103,885	250,000	-					15,452,634	15,103,885
DIRECTOR SITTING FEES					90,000	90,000					90,000	90,000
RENT INCOME	5,576,909	3,682,329					1,634,471	2,185,602			7,211,380	5,867,931
RENT EXPENSE	6,754,189	5,653,684					992,700	992,700			7,746,889	6,646,384
JOB-WORK EXPENSE	901,450	819,867					18,475,425	22,622,259			19,376,875	23,442,126
JOB-WORK INCOME	5,681,398	4,188,449					674,148	184,559			6,355,546	4,373,008
OTHER EXPENSES(NET)	5,039,901	4,829,134					13,540,954	13,971,535			18,580,855	18,800,669
OTHER INCOME	19,351	-					3,749,178	119,523			3,768,529	119,523
ASSETS LEASE EXP	1,971,840	2,630,492									1,971,840	2,630,492
DIVIDEND RECEIVED		2,800,000										2,800,000
DIVIDEND PAID							5,791,500	5,791,500			5,791,500	5,791,500

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

Nil



**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

12. Computation of Net Profit in accordance with Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956 and Commission payable to Directors	2010-11 Rupees	2009-10 Rupees
<b>Net Profit as per Profit and Loss Account</b>	<b>133,953,214</b>	128,025,493
<b>Add :</b> [i] Depreciation as provided in books	<b>63,636,045</b>	69,478,422
[ii] Provision for Taxation	<b>72,310,000</b>	72,200,000
[iii] Provision for Deferred Taxation	<b>(10,214,260)</b>	(7,901,886)
[iv] Commission to Non Executive Directors*	<b>1,250,000</b>	-
[v] Whole-time Director's remuneration	<b>5,407,558</b>	5,358,808
[vi] Managing Director's remuneration	<b>9,795,077</b>	9,745,077
[vii] Directors' Sitting Fees	<b>430,000</b>	370,000
[viii] Short/(Excess) Provision of Income Tax	<b>807,776</b>	(1,330,065)
	<b>277,375,410</b>	275,945,849
<b>Less :</b> [i] Profit on sale of investments	<b>26,350</b>	1,622,011
[ii] Profit on sale of Fixed Assets	<b>3,786,258</b>	-
	<b>273,562,802</b>	274,323,838
<b>Less :</b> [i] Depreciation as per Section 350 of the Companies Act, 1956	<b>63,636,045</b>	69,478,422
<b>Net Profit</b>	<b>209,926,757</b>	204,845,416
<b>Remuneration to Managing Director</b>		
Salary	<b>4,745,077</b>	4,745,077
Commission	<b>5,050,000</b>	5,000,000
<b>Remuneration to Whole Time Director</b>		
Salary	<b>3,607,558</b>	3,558,808
Commission	<b>1,800,000</b>	1,800,000
Commission to Non Executive Directors	<b>1,250,000</b>	-
(*Subject to approval of shareholders in Annual General Meeting)		
<b>Total Managerial Remuneration</b>	<b>16,452,635</b>	15,103,885

**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

**13. Auditors Fees and Expenses include remuneration to :**

	<b>2010-11</b>	2009-10
	<b>Rupees</b>	Rupees
<b>a. Statutory Auditors :</b>		
As Audit Fees	<b>130,000</b>	130,000
Fees for Certification Work	<b>124,001</b>	115,500
Out of Pocket Expenses	<b>108,009</b>	91,969
<b>b Tax Auditors</b>		
Tax Audit Fees	<b>30,000</b>	30,000
<b>Total..</b>	<b><u>392,010</u></b>	<u>367,469</u>

**14. Licensed & installed capacity & production**

Class of Products.	2010-11			2009-10		
	Licensed Capacity	Installed Capacity*	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
I Tunnelling Loaders with various attachments other than Road Headers						
II Drilling & Roof Bolting Jumbo for mining	Nos. 600	350	323	400	350	267
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile						
IV Air Motors	Nos. 500	300	155**	500	300	161**
V Hydraulic Cylinders	Nos. 3000	2000	25***	3000	2000	186***
VI Blasthole & Water well drilling rigs	Nos. 100	10	4	50	10	5
VII Continuous Miner	Nos. 25	10	-	25	10	-
VIII Construction Equipment	Nos. 900	400	44	900	400	12
IX Spares for above	12,000 lacs	2500 lacs	9,042.25 (sales value)	1400 lacs	2500 lacs	8,013.27 (sales value)

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

\*\*Includes 38 (32) numbers for captive consumption.

\*\*\*Includes 12 (17) numbers for captive consumption.

**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

Stock	2010-11				2009-10			
	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	2	7,842,167	5	22,536,836	2	7,962,309	2	7,842,167
II Drilling & Roof Bolting Jumbo for mining								
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile								
IV Air Motors*	-	-	1	38,907	2	67,553	-	-
V Spares for above*	-	759,683,732	-	661,562,064	-	665,312,179	-	759,683,732
VI Hydraulic Cylinders*	143	2,625,691	104	2,011,030	175	3,107,674	143	2,625,691
VII Construction Equipment	1	1,584,374	17	23,393,159	3	5,103,066	1	1,584,374
VIII Blasthole & Water well drilling rigs	-	-	2	17,446,065	1	16,425,371	-**	-

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

\*\* Transfer to Work in Process.

Turnover	2010-11		2009-10	
	Nos.	Value Rupees	Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	320	877,209,190	267	756,580,050
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
III Air Motors	154*	5,151,535	163*	5,968,345
IV Spares for above	-	904,225,613	-	801,327,251
V Hydraulic Cylinders	64**	1,996,405	218**	290,571
VI Construction Equipment	28	40,314,000	14	20,170,398
VII Blasthole & Water well drilling rigs	2	15,480,000	5	38,025,000
		<u>1,844,376,743</u>		<u>1,622,361,615</u>

\*Includes 38 (32) numbers for captive consumption.

\*\*Includes 12 (17) numbers for captive consumption.



**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

15. Consumption of Raw Material Spares & Components :	Unit	2010-11		2009-10	
		Quantity	Value Rupees	Quantity	Value Rupees
Casting	Nos.	35986	53,544,538	29100	47,040,711
Forgings	Nos.	3232	1,229,409	3070	1,199,270
Bearings	Nos.	12932	9,725,904	12964	8,693,862
Round Bars and Plates	Tons	1,039	49,010,036	1,278	62,246,808
Other Raw Materials, Spares & Components			937,413,053		895,416,566
			<u>1,050,922,940</u>		<u>1,014,597,217</u>

16. Value of raw materials, spares and components consumed	2010-11		2009-10	
	Value Rupees	% of Total	Value Rupees	% of Total
Imported	271,505,912	26	323,212,145	32
Indigenous	779,417,028	74	691,385,072	68
	<u>1,050,922,940</u>	<u>100</u>	<u>1,014,597,217</u>	<u>100</u>

17. Value of Stores Consumed :	2010-11	2009-10
Imported	-	-
Indigenous	17,550,030	16,301,418

18. CIF value of Imports in respect of :	2010-11	2009-10
Components and spares	296,878,844	329,924,590

19. Earning in Foreign exchange on account of :	2010-11	2009-10
FOB Value of Sales	19,269,901	126,859
Commission	-	112,715

20. Expenditure in Foreign currency :	2010-11	2009-10
Travelling	2,431,720	-
Technical Know How	-	5,245,992
Interest	-	2,290,312
Others	3,831,646	5,098,823

21. Amount remitted during the year in foreign currency on account of dividend :	2010-11	2009-10
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	2009-10	2008-09
Amount remitted (net of tax)	5,791,500	5,791,500



**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

**22. INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE**

	<u>2010-11</u>	<u>2009-10</u>
<b>Lease Payments During the Year</b>	<b>1,770,000</b>	2,372,070
<b>Minimum Lease Payments</b>		
Not later than one year	<b>1,952,316</b>	2,379,240
later than one year but not later than five years	<b>1,952,316</b>	2,379,240
later than five years	-	-

23. 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.

<b>However, details regarding the Small Scale Industrial Undertaking are as below:</b>	<b>Amount in Rs.</b>
Total Outstanding Dues of Small Scale Industrial Undertaking	<b>14,784,077</b>
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking .	<b>221,631,139</b>

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.

24. Figures of the previous year have been shown in brackets.

25. Figures of the Previous Year have been regrouped / re-arranged wherever necessary to confirm to current year's classifications.

As per our report of even date

For TALATI & TALATI  
Chartered Accountants  
FRN 110758W

UMESH H.TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 4<sup>th</sup> May, 2011

For and on behalf of the Board of Directors

Nilesh D.Shelat (Company Secretary)	Mr. P. B. Patel Mr. P. M. Patel Mr. A. M. Deshpande	Managing Director Director Wholetime Director
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Mumbai  
Date : 3<sup>rd</sup> May, 2011

**NOTES FORMING PART OF THE ACCOUNTS**  
**SCHEDULE - 14**

**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	1,309,307
2.	BHAGWATI FILTERS P. LTD.	137,563
3.	ENGINEMATES HEAT TRANSFER P. LTD.	293,603
4.	EKO RUBBER INDUSTRIES	12,859
5.	JASHPARAM ENGINEERING P. LTD.	136,600
6.	KENT INDUSTRIES	374,516
7.	MODERN ENGINEERING & SPRING CO.	3,020
8.	MINE LINE P. LTD.	442,636
9.	MACHINE TOOLS ENGINEERING	138,872
10.	METAL TREAT INDUSTRIES	85,243
11.	PRITESH INDUSTRIES	1,115,264
12.	RAJ ENGINEERING WORKS	1,812,527
13.	SPECTRAM ENGINEERS	129,570
14.	SHREE ENGG. WORKS	472,921
15.	PACKME INDUSTRIES	24,353
16.	GIRIRAJ INDUSTRIES	1,271,364
17.	A B C ENGINEERING	595,591
18.	RHYTHM INDUSTRIES	686,996
19.	ACTUASYS	55,302
20.	UNIVERSAL GASKET MFG. CO	118,287
	<b>Total</b>	<b>9,216,394</b>

**21. Balance Sheet Abstract and Company's General Business Profile**

## I. Registration Details

Registration No.

0 2 5 7 4

State Code

0 4

Balance Sheet Date

3 1 - 0 3 - 2 0 1 1

## II. Capital raised during the year (Amount in Rs. Thousands)

Public issue

N I L

Rights issue

N I L

Bonus issue

N I L

Private placement

N I L

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

Total Liabilities

1 6 8 7 6 9 2

Total Assets

1 6 8 7 6 9 2

Sources of Funds

Paid-up Capital

5 7 6 8 3

Reserve &amp; Surplus

1 3 4 1 3 5 4

Secured Loans

N I L

Un secured Loans

N I L

Application of Funds

Net Fixed Assets

2 5 8 5 3 3

Investments

6 2 6 1 6

Net Current Assets

1 0 9 5 0 9 6

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Liability

1 7 2 0 6

Deferred Tax Asset

N I L

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

Turnover

1 8 4 4 3 7 6

Total Expenditure

1 6 7 8 4 1 2

Profit/Loss Before Tax

1 9 6 8 5 7

Profit/Loss After Tax

1 3 3 9 5 3

Earnings per Shares

2 3 . 2 2

Dividend Rate

4 0 %

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

Item Code No.(ITC Code)

8 4 3 0 2 0 . 0 0

Product Description

Side Dump Loaders (SDL)

8 4 3 0 5 0 . 0 1

Load Haul Dumpers (LHD)

8 4 3 0 6 9 . 0 0

Blast hole &amp; water well drilling rigs

As per our report of even date

For and on behalf of the Board of Directors

For TALATI & TALATI  
Chartered Accountants  
FRN 110758WNilesh D.Shelat  
(Company Secretary)Mr. P. B. Patel  
Mr. P. M. Patel  
Mr. A. M. DeshpandeManaging Director  
Director  
Wholetime DirectorUMESH H.TALATI  
Partner  
Membership No.34834Ahmedabad  
Date : 4<sup>th</sup> May, 2011Mumbai  
Date : 3<sup>rd</sup> May, 2011

**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 37<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 2<sup>nd</sup> August, 2011 at 3.00 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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.**