

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2011-2012**



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. Vihang Virkar		
Mr. Nirmal Bhogilal		
Mr. Nalin M. Shah		
Mr. M. G. Rao	-	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 38th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Monday the 30th July 2012 at 11.30 AM. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat State to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, Profit & Loss Account and cash flow statement for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. P.C.Amin who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P.M.Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED That Mr. Nirmal Bhogilal, who was co-opted as an Additional Director of the company by the Board of Directors, and who holds office under Section 260 of the Companies Act,1956, up to the date of forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:
"RESOLVED That Mr. M. G. Rao, who was co-opted as an Additional Director of the company by the Board of Directors, and who holds office under Section 260 of the Companies Act,1956, upto the date of forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company."
8. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED That Mr. Nalin M. Shah who was co-opted as an Additional Director of the company by the Board of Directors, and who holds office under Section 260 of the Companies Act,1956, upto the date of forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."

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

"RESOLVED That pursuant to the provisions of section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act,1956, the Company hereby approves the appointment of Mr. M. G. Rao as Wholetime Director of the Company for a period of 5 years with effect from 8th September 2011 on the terms and conditions, including remuneration, as set out in the draft Agreement to be entered into by the Company with him, which agreement is hereby specifically sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and /or Agreement in accordance with Schedule XIII to the Companies Act,1956, and /or any amendments and /or modifications including any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government from time to time or as may be varied by the General Meeting and as may be acceptable to the appointee.

RESOLVED FURTHER That the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

By order of the Board of Directors

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

Date : 8th May, 2012

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 20-07-2012 to 30-07-2012 (both days inclusive)
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2012 when declared at the meeting will be paid:
1. To those members whose names appears in the Register of Members of the Company on 20-07-2012.
 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 19-07-2012.
- D. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched between 2-08-2012 and 4-08-2012.
- E. The members desiring to have any information on accounts are requested to write to the Company Secretary at least 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 three Reminders by Reg. Post to Shareholders whose share certificates remained unclaimed and lying with the company. Thereafter 1450 Equity shares of 24 share holders were transferred to "Unclaimed Suspense Account". There after no shareholder has claimed shares from this account.

By order of the Board of Directors

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

Date : 8th May, 2012

Nilesh D. Shelat
Company Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO.6

Mr. Nirmal Bhogilal was appointed as an Additional Director with effect from 23-09-2011 pursuant to Section 260 of the Companies Act, 1956. Mr. Nirmal Bhogilal holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. Nirmal Bhogilal for appointment as director liable to retire by rotation.

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

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

ITEM NO.7

Mr. M.G.Rao was appointed as an Additional Director with effect from 8-09-2011 pursuant to Section 260 of the Companies Act, 1956. Mr. M. G. Rao holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. M. G. Rao for appointment as director.

Considering his extensive knowledge, and managerial experience, the Board considers that the appointment of Mr. M. G. Rao will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. M. G. Rao none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO.8

Mr. Nalin M. Shah was appointed as an Additional Director with effect from 8-05-2012 pursuant to

Section 260 of the Companies Act, 1956. Mr. Nalin M. Shah holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. Nalin M. Shah for appointment as director liable to retire by rotation.

Considering his extensive knowledge and experience, the Board considers that the appointment of Mr. Nalin M. Shah will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Nalin M. Shah none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO.9

On the recommendation of the Remuneration Committee of the Company, the Board at its meeting held on 2nd August, 2011 have appointed Mr. M. G. Rao as Wholetime Director for a period of five years with effect from 8th September 2011 subject to the approval of the Shareholders in the General Meeting. The brief particulars of his remuneration are as mentioned herein below.

1. The Wholetime Director shall be subject to the superintendence, control and direction of the Board of Directors.
2. Period of Appointment: Five years with effect from 8th September, 2011.
3. Remuneration:
 - (a) Salary: ₹ 2,00,000/- per month with such increase as may be decided by the Board of Directors (which includes any Committee thereof) from time to time, but subject to maximum salary of ₹ 5,00,000/- per month.
 - (b) Medical Allowance :
₹ 78,500/- per month.
 - (c) Leave Travel Allowance :
₹ 1,00,000/- per month



- (d) Furnishing Allowance :
₹ 1,00,000/- per month.
- (e) Annual Bonus of ₹ 5,00,000/- with such increase as may be decided by the Board of Directors (which includes any Committee thereof) from time to time, but subject to maximum amount of ₹ 10,00,000/- per annum.

Perquisites :

In addition to above, the Wholetime Director shall also be entitled to perquisites like Rent-free furnished accommodation, expenditure incurred by the Company on gas, electricity, water and furnishings, if any, shall be valued as per Income Tax Rules,1962.

Provident Fund, Gratuity and Superannuation as per rules of the Company.

Leave encashment as per the rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

The Company shall provide car with driver at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.

The Company shall provide telephone and other communication facilities at the residence for use on Company's business and the same will not be considered as perquisites.

The Wholetime Director shall not be liable to retire by rotation and shall not be paid any sitting fees for attending meetings of the Board of Directors or committee thereof.

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

The draft agreement between the Company and Mr. M. G. Rao is available for inspection by the Members of the Company at its Registered Office between 10.00 am and 12.00 noon on any working day of the Company till the date of Annual General Meeting.

The Board recommends the resolution as set out at item no.9 of the Notice for your approval.

None of the directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. M. G. Rao.

This along with the relevant resolution may be treated as an Abstract pursuant to Section 302 of the Companies Act,1956.

By order of the Board of Directors

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

Date : 8th May, 2012

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 38th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2012.

1. FINANCIAL RESULTS

(₹ in Lacs)

	31-03-2012	31-03-2011
	(₹)	(₹)
Profit before exceptional and extraordinary items and Tax	1656.92	1968.57
Exceptional items - Income from sale of Surface Drilling Product Line	898.83	Nil
Less: Provision for Taxation	522.95	629.04
PROFIT BEFORE TAX	2032.80	1339.53
Add: Balance brought forward from last year	351.82	330.45
	2384.62	1669.99
APPROPRIATED AS		
Proposed Dividend	230.74	230.74
Tax on Proposed Dividend	37.43	37.43
Transfer to General Reserve	1750.00	1050.00
Balance Carried Forward	366.45	351.82
Total	2384.62	1669.99

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of ₹ 18070.74 Lacs (Previous Year ₹ 18752.69 Lacs). The profit before exceptional items and tax stood at ₹ 1656.92 Lacs (Previous Year ₹ 1968.57 Lacs). During the year Company sold its Surface Drilling Product Line to Sandvik Asia Pvt. Ltd. for a consideration of ₹ 1650 lacs. In view of the same, the Company has written off inventory of ₹ 751.17 Lacs pertaining to the above business. The net amount of ₹ 898.83 Lacs has been shown as Exceptional item.

3. DIVIDEND

Your directors recommend for your consideration a dividend of ₹ 4/- per share of ₹ 10/- each for the year ended 31st March, 2012.

4. INSURANCE

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

5. FIXED DEPOSITS

Two Deposits aggregating to ₹ 55,212 though matured were not claimed as on 31st March 2012.

6. DIRECTORS

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

Mr. P. B. Patel, Managing Director will relinquish the office of Managing Director with effect from 1st June, 2012, however he will continue to be a Director of the Company.

During the year Mr. Shreevardhan Sinha and Mr. A. M. Deshpande, Directors, resigned from Board of Directors of the Company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. Shreevardhan Sinha and Mr. A. M. Deshpande.

Mr. Nirmal Bhogilal was appointed as Additional Director w.e.f. 23-09-2011 and will hold office up to Annual General Meeting. Notice together with deposit has been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Nirmal Bhogilal's appointment in the ensuing Annual General Meeting as Director of the Company liable to retire by rotation.

Mr. M. G. Rao was appointed as Additional Director w.e.f. 08-09-2011 and will hold office up to Annual General Meeting. Notice together with deposit has been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing Mr. M. G. Rao's appointment in the ensuing Annual General Meeting as Director of the Company. The Board of Directors appointed him as Whole time



Director, subject to approval of members.

Mr. Nalin M. Shah was appointed as Additional Director w.e.f. 08-05-2012 and will hold office up to Annual General Meeting. Notice together with deposit has been received from a member pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Nalin M. Shah's appointment in the ensuing Annual General Meeting as Director of the Company liable to retire by rotation.

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;
2. that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit 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 Discussion and Analysis appearing as Annexure 5 to this Report.

9. CORPORATE GOVERNANCE

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

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

10. PERSONNEL

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

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

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

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

12. AUDITORS

The Company's Auditors, Messrs Talati & Talati, Chartered Accountants, 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

M. G. Rao
Wholetime Director

Place : Mumbai
Date : 8th May, 2012

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

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the financial year ended 31st March 2012.

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.	Mr. P. B. Patel	54	BE (Mech.) MBA	01-04-06	Managing Director	Overall Management	87,84,677	43,39,150	36	Elecon Engg. Co. Ltd. (Managing Director)

Name of employees employed for part of 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.	Mr. A. M. Deshpande	62	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	32,61,092	14,51,104	39	L&T Case Equipment Pvt. Ltd. (Sr. Deputy General Manager -Engg.)
2	Mr. M. G. Rao	53	M.E. (Welding Engg.)	08-09-11	Whole time Director	Overall Management	40,42,236	22,61,324	32	McNally Sayaji Engg. Ltd. (Chief Operating Officer)

Notes:

1. The appointments of Mr. P. B. Patel, Managing Director and Mr. M. G. Rao, Wholetime Director are contractual.
2. Gross remuneration received includes Salary, Commission, Bonus, 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 year's 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 31st March, 2012.

[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 In-house R & D facility 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	: ₹ 18.25 lacs
2. Recurring	: ₹ 172.63 lacs
3. Total R & D expenditure	
Percentage of total turnover	: 1.05 %

[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 led 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 had signed Two Collaboration Agreements as mentioned below:

(i) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.

(ii) 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 other products, it is in progress.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth ₹ 115.99 lacs and continues to make efforts to push up exports.

2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
₹ 2,714.35 lacs	₹ 115.99 lacs

For and on behalf of the Board of Directors

P. B. Patel
Managing Director

M. G. Rao
Wholetime Director

Place : Mumbai
Date : 8th May, 2012

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 2011-2012, five (5) Board Meetings were held i.e. on

3rd May 2011

1st July 2011

2nd Aug. 2011

4th Nov. 2011

8th Feb. 2012

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 5 held	Attendance at AGM held on 2 nd August, 11	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)	5	Yes	3	3	2
3.	Mr. P.M. Patel	NED (P)	5	Yes	5	4	Nil
4.	Mr. Vihang Virkar	NED (I)	5	Yes	Nil	Nil	Nil
5.	Mr.A.M.Deshpande (up to 31-08-2011)	WTD	2	Yes	Nil	Nil	Nil
6.	Mr. P.C.Amin	NED(P)	5	Yes	8	Nil	1
7.	Mr. Jal R.Patel	NED(I)	5	Yes	5	3	3
8.	Mr. Sheevaradhan Sinha (upto 28-9-2011)	NED(I)	Nil	No	Nil	Nil	Nil
9.	Mr. Nirmal Bhogilal (from 23-09-2011)	NED(I)	1	NA	3	1	Nil
10.	Mr. M.G.Rao (from 08-09-2011)	WTD	2	NA	Nil	Nil	Nil
11.	Mr. Nalin M. Shah (from 08-05-2012)	NED(I)	NA	NA	Nil	Nil	Nil

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Whole time 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. Vihang Virkar	Nil
Mr. H. S. Parikh	300 Shares	Mr. Shreevaradhan Sinha	Nil
Mr. P. C. Amin	1200 Shares	Mr. Nirmal Bhogilal	Nil
Mr. Jal Patel	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 (upto 28-09-2011)	Member	NED-I
Mr. Nirmal Bhogilal (from 23-09-2011)	Member	NED-I
Mr. Nalin M. Shah (from 08-05-2012)	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			
	3rd May 2011	2nd August 2011	4th November 2011	8th February 2012
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 (upto 28-09-2011)	No	No	No	No
Mr. Nirmal Bhogilal (from 23-09-2011)	NA	NA	Yes	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	3 rd May, 2011	2 nd August 2011
Mr. P. M. Patel	Yes	Yes
Mr. H. S. Parikh	Yes	Yes
Mr. Jal Patel	Yes	Yes
Mr. Vihang Virkar	Yes	Yes

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

Name	Salary (₹)	Perquisites & Retirement benefits	Commission Payable	Total (₹)	Period of contract
Mr. P. B. Patel Managing Director	3,00,000 per month	Perquisites & Retirement benefits as per terms of appointment and 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 + 40,00,000 + <hr/> 87,84,677	5 years from 01-04-2009 to 31-03-2014
Mr. A.M.Deshpande Wholetime Director	2,25,000 per month	Perquisites & Retirement benefits as per terms of appointment and subject to overall ceiling of the Companies Act, 1956.	1% of net profit of the company or ₹ 18,00,000 Lacs which ever is less per annum.	11,25,000 + 13,86,092 + 7,50,000 + <hr/> 32,61,092	5 years from 01-01-2009 to 31-12-2013, however he has resigned from 31-08-2011
Mr. M. G. Rao Wholetime Director	4,78,000 p.m. + 5,00,000 Bonus P.A.	Perquisites & Retirement benefits as per terms of appointment and subject to overall ceiling of the Companies Act, 1956.	Nil	30,06,752 10,35,484 + <hr/> 40,42,236	5 years from 08-09-2011

Stock Options	Nil
Pension	Nil
Others	Nil

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

Name	Sitting Fees		Commission	Total (₹)
	Board Meeting	Committee Meeting		
Mr. Jal Patel	100,000	1,20,000	2,50,000	4,70,000
Mr. P. M. Patel	100,000	1,20,000	2,50,000	4,70,000
Mr. H. S. Parikh	100,000	1,20,000	2,50,000	4,70,000
Mr. P. C. Amin	100,000	80,000	2,50,000	4,30,000
Mr. Vihang Virkar	100,000	1,20,000	2,50,000	4,70,000
Mr. Nirmal Bhogilal	20,000	20,000	Nil	40,000

**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	NED (I)
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
2010-2011	Registered Office at Vallabh Vidyanagar, Gujarat	02-08-2011	03.00 p.m
2009-2010	-do-	30-07-2010	04.00 p.m
2008-2009	-do-	30-07-2009	11.00 a.m

No Extra-ordinary General Meeting of the shareholders was held during the year.

There was one Postal Ballot conducted during the year. The Ordinary Resolution passed under Postal Ballot Notice dated 4th July 2011 containing resolution regarding sale / transfer of the Surface Drilling Product Line of the company to Sandvik Asia Pvt. Ltd., Pune for a total consideration of ₹ 1650 Lacs.

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.
iv.	Compliance of mandatory and non-mandatory Requirement of Clause 49.	The Company has complied with all the mandatory requirement of Clause 49 and has also complied with one of the non-mandatory requirement viz, setting up of Remuneration Committee.

8. CEO/CFO Certification

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

9. Means of Communication

i.	Half yearly report sent to each shareholders residence.	No
ii.	In which newspapers quarterly results were normally published.	Economics Times (English) Business Standard (English) Economics Times (Gujarati) Jansatta(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 Monday, the 30th July 2012 at 11.30 A.M. at Regd.Office
Vallabh Vidyanagar
- ii. Financial year 2011-2012 (year ending 31-03-2012)
- iii. Book Closure Date 20th July to 30th July 2012 (both days inclusive)
- iv. Dividend payment date 2nd August, 2012
- v. Unclaimed Dividend
Section 205 of the Companies Act, 1956, mandates that companies transfer dividend that has been unclaimed for a period of seven years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned as follows, if unclaimed within a period of seven years, will be transferred to IEPF.

Year	Date of Declaration	Date of Payment	Date on which dividend will become part of IEPF
2004-2005	28th September 2005	1st October 2005	27th September 2012
2005-2006	12th September 2006	16th September 2006	11th September 2013
2006-2007	16th July 2007	18th July 2007	15th July 2014
2007-2008	29th July 2008	1st August 2008	28th July 2015
2008-2009	30th July 2009	1st August 2009	29th July 2016
2009-2010	30th July 2010	2nd August 2010	29th July 2017
2010-2011	2nd August 2011	3rd August 2011	1st August 2018

- vi. Listing on Stock Exchanges

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

Bombay Stock Exchange Limited
P. J. Towers, 25th Floor, Dalal Street
Mumbai – 400 001

The National Stock Exchange of India Limited
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra - Kurla Complex
Bandra (E)
Mumbai - 400 051

The listing fee for the year 2011-2012 for the above Stock Exchanges have been paid in time and there being neither de-listing nor suspension of company's shares from trading during the year under review.

vii. Stock Code

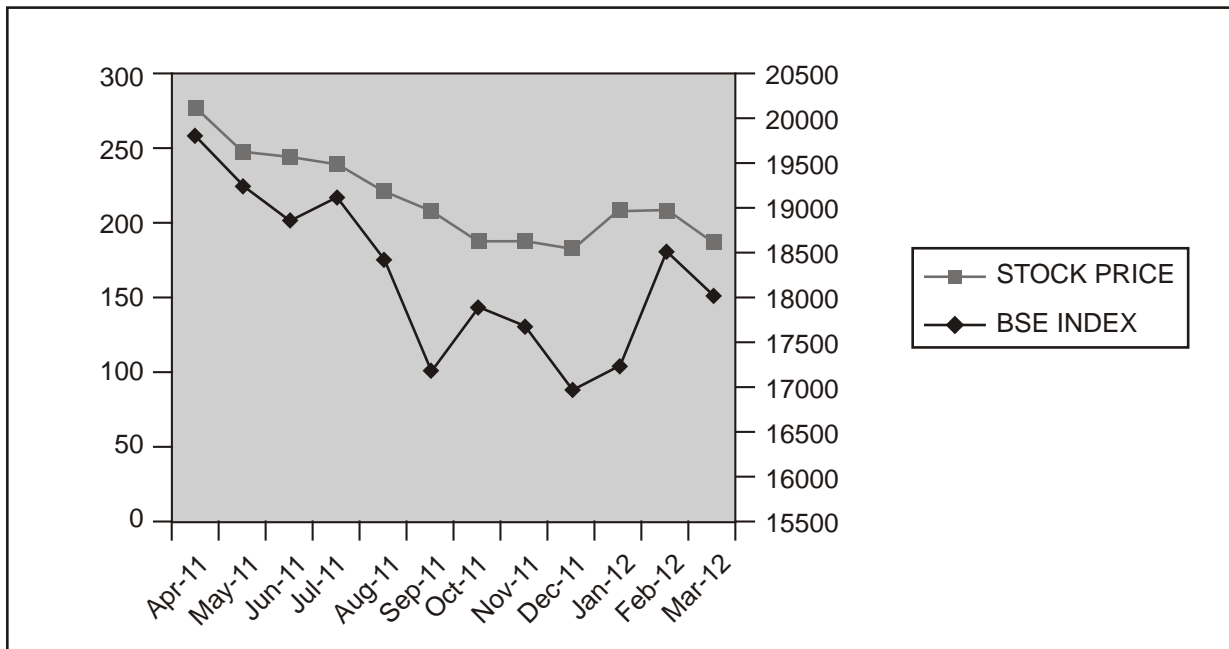
The Stock Code of company's shares is as follows :

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

viii. Market Price Data

Month	Bombay Stock Exchange Ltd.			BSE Index		National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume	High	Low	High (₹)	Low (₹)	Volume
Apr 2011	277.80	230.00	55481	19811.14	18976.19	276.00	232.25	51721
May 2011	247.95	216.10	19085	19253.87	17786.13	247.00	211.50	18287
Jun 2011	245.00	216.25	11273	18873.39	17314.38	242.75	215.10	7657
Jul 2011	239.75	215.00	11078	19131.70	18131.86	244.00	205.60	15646
Aug 2011	222.00	157.55	19003	18440.07	15765.53	224.70	162.30	18936
Sep 2011	209.00	170.50	7646	17211.80	15801.01	201.00	170.00	18646
Oct 2011	188.80	156.00	7073	17908.13	15745.43	186.95	160.10	9776
Nov 2011	188.95	160.00	5638	17702.26	15478.69	183.85	157.00	8981
Dec 2011	184.00	146.00	13334	17003.71	15135.86	192.00	149.15	8013
Jan 2012	209.55	145.00	15135	17258.97	15358.02	208.00	145.00	13760
Feb 2012	208.50	176.00	13775	18523.78	17061.55	208.00	177.10	8008
Mar 2012	188.00	165.00	10463	18040.69	16920.61	189.00	161.20	11372

ix. Index graph



x. Share Transfer System

No. of Transfers during the year : 18
 No. of Shares transferred : 3700

xi. Distribution of shareholding as on 31-03-2012 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-500	5629	95.3583	596640	10.3433
501-1000	125	2.1176	99541	1.7256
1001-2000	60	1.0164	90830	1.5746
2001-3000	21	0.3558	52511	0.9103
3001-4000	18	0.3049	62347	1.0808
4001-5000	13	0.2202	60476	1.0484
5001-10000	16	0.2710	119347	2.0690
10001 & above	21	0.3558	4686693	81.2480
Total	5903	100.0000	5768385	100.0000

 xii. Shareholding Pattern as at 31st March 2012

	Category	No. of shares held	% of Shareholding
A	Promoters' holding		
1.	- Indian promoters	2817645	48.8463
	- Foreign Promoters	1447875	25.1002
2.	- Persons acting in concert	6200	0.1075
	Sub-total	4271720	74.0540
B.	Non-Promoters' Holding		
3.	Institutions		
a.	Mutual Funds / UTI	276428	4.7921
b.	Financial Institutions/ Banks	200	0.0035
	Sub-total	276628	4.7956
4.	Non-Institutions		
a.	Bodies Corporate	162597	2.8188
b.	Indian Public	1020067	17.6838
c.	Non-Resident Indians	25094	0.4350
d.	Any other	12279	0.2128
	Sub-total	1220037	21.1504
	GRAND TOTAL	5768385	100.0000



xiii. Dematerialization of shares and liquidity.

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

As on 31st March 2012, 72.47% (4180504 Shares) have been dematerialized.

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

Nil

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

xvi. Address for correspondence: As above

xvii. Registrar & 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 -0265-2356573
0265-2356794

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

1. Mr. P. C. Amin

The Board had appointed Mr. P. C. Amin as a Director of the company with effect from 25-10-2007, liable to retire by rotation. Mr. P. C. Amin is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Mr. P. C. Amin is 56 years old and holds Masters Degree in Finance from the University of Wisconsin. He also holds a Master Degree in engineering and Management from the Birla Institute of Technology & Science, Pilani, India. His other Directorships and committee Memberships of other Companies are as follows:

Company	Position	Committee Memberships	Chairman/Member
Elecon Engineering Co. Ltd.	Wholetime Director		
Power Build Ltd.	Director	Audit Committee	Chairman
Elecon Information Technology Ltd.	Director		
Prayas Engineering Ltd.	Director		
Emtici Engineering Ltd.	Director		
Akaaish Mechatronics Ltd.	Director		
Elecon Peripharals Ltd.	Director		
Madhubhan Prayas Resorts Ltd.	Director		

2. Mr. P. M. Patel

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

Mr. P. M. Patel is MBA and 65 years of age. His Directorships and committee Memberships of other Companies are as under:

Company	Position	Committee Memberships	Chairman/Member
Elecon Engineering Co. Ltd.	Director	Audit Committee Shareholders/investors’ Grievance committee Remuneration Committee	Member Member Member
ABC Bearings Ltd.	Director	Transfer-cum- Shareholders’/investors’ Grievance Committee	Member
Power Build Ltd.	Director	Audit Committee	Member
NSK - ABC Bearings Ltd.	Vice Chairman	Nil	Nil
EMTICI Engineering Ltd.	Director	Nil	Nil

**3. Mr. Nirmal Bhogilal**

Mr. Nirmal Bhogilal was appointed as an Additional Director with effect from 23-9-2011. Mr. Nirmal Bhogilal is B.Sc.(Engg.) Chemical Engg. (London University) A.C.G.I. His Directorships and Committee Memberships of other companies are as under:

Company	Position	Committee Memberships	Chairman/Member
Batliboi Ltd.	Chairman and Managing Director	-	-
Hindustan Construction Co. Ltd.	Director	Remuneration Committee	Chairman
Batliboi Environmental Engineering Ltd.	Director	Audit Committee	Member

4 Mr. M. G. Rao

Mr. M. G. Rao was appointed as an Additional Director with effect from 8-09-2011 and was appointed as Whole Time Director. Mr. M. G. Rao is M.E. (Welding Engg.). He has more than 32 years of experience in various industries.

Mr. M. G. Rao does not hold directorship in any other public companies.

5. Mr. Nalin M. Shah

Mr. Nalin M. Shah was appointed as an Additional Director with effect from 8-05-2012. Mr. Nalin M. Shah has pursued Chartered Accountancy from Institute of Chartered Accountants in England & Wales. He joined S. B. Billimoria & Co. and became a partner of the firm in 1977. S. B. Billimoria became an affiliate of Deloitte Haskins & Sells in 2000 and also became a partner of Deloitte Haskins & Sells.

Mr. Nalin M. Shah 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 31st March, 2012.

Place : Mumbai
Date : 8th May, 2012

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 (I) LTD. for the year ended 31st March,2012, 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 as stipulated in the said clause. 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 based on 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, 2012, 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 : 8th May, 2012

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

Coal plays important role in India's energy mix, meeting more than 50 % of the country's total commercial energy needs. The demand for coal has been growing on account of an increasing demand for power, which is the key consumer of coal. As per Central Electricity Authority (CEA) estimates, the demand for coal from power sector is expected to reach 900 million tonnes (MT) by 2017. Steel and cement industries are the other two sectors driving the demand for coal in the country.

India is presently the third largest coal producing country, after China and US. As per Ministry of Coal (MOC), the country produced 533 MT of coal in 2010-11 which was not much higher than the previous year's production though the demand grew by 4.5 % leading to a demand supply gap of over 100 MT. This gap had to be met with coal imports from mainly Indonesia, Australia and South Africa. There is also a trend of Indian companies acquiring overseas coal assets to ensure security of coal supply.

The progress of captive coal mining has been slow. Estimates for captive mining show that in 2010-11, the production from such mines was 34.64 MT, much lower than the originally targeted 73 MT. The allocation process for captive coal mines will become more transparent with the implementation of the competitive bidding mechanism. Reforms in this direction would lead to allocation of mines to serious players, hence increasing domestic production through this route.

The growing coal demand in the country creates the need for augmentation of the coal transportation infrastructure. Port infrastructure needs to be strengthened to accommodate the rise in imports as well as coastal shipment. Dedicated freight corridors will be essential to ease out the congestion in coal transportation through railways. To ease out the load on rail infrastructure, development of alternative modes of transportation of coal through inland waterways and coastal movement is also important.

FUTURE SCENARIO

While the demand is growing rapidly, an area of concern is whether the supply of coal will be able to keep pace with it. In the near term, the MOC estimates the indigenous

production of coal during 2011-12 to be 559 MT. of this Coal India Ltd. is expected to produce 452 MT, production by Singareni Collieries Company Limited is expected to be 52.2 MT, while others are expected to contribute 55 MT. This would leave a demand supply gap of 137 MT, which will have to be met through imports. The increasing reliance on imports is a key cause for the sector, since imported coal is much higher in price than domestic coal.

Coal is expected to continue to contribute between 51-62 % of the total commercial energy needs of the country till 2031-32, as estimated by a governmental committee. According to the report, the coal requirement by 2031 to 2032 based on 9% GDP growth under various scenarios ranges from 2150-3240 MT. Based on the assumption that domestic production would be 1,400 MT by then, the report estimates imports to range between 750 MT and 1,840 MT or 35-57%.

There are certain challenges that the sector faces, which include delays in environmental and other clearances, land acquisition, inadequacy of coal evacuation infrastructure, etc. which are limiting the fast track growth of the sector and need to be addressed urgently. More transparency needs to be brought into the process of captive coal block allocation. The logistics infrastructure for ensuring delivery of coal from diversified sources also needs to expand alongside.

CONSTRUCTION EQUIPMENT INDUSTRY

The construction equipment industry in India has developed over the years, which cover a variety of machinery such as excavators, wheel loaders, trucks, tippers, graders, pavers, asphalt drum/wet mix plants, vibratory compactors, forklifts, dozers, etc. with a wide production capacity base, India is perhaps the only developing country, which is totally self-reliant in such highly sophisticated equipment. Construction equipment constitutes the biggest component of construction costs only after construction materials, which is 30-50% of the total cost.

The construction equipment sector in India has evolved over the years and is at present in an intermediate stage of development. The industry is trying to bring in

international levels of technology as demand and the scale of operation increase.

FUTURE SCENARIO

The growth of this sector is interlinked with the growth of the Indian economy and indirectly with the growth of infrastructure. The last few years have witnessed a phase of restructuring in the industry through acquisitions and joint ventures. This also reflects the active interest of international majors in the domestic market.

Our country has latest state-of-art technology equipment and value for money low cost products. The state-of-art technological equipment is having lot of benefits viz, environmental friendly, ecological, higher level safety, higher level of productivity. However, after lot of these benefits these equipment are not affordable by all user in this industry due to maximum percentage components are imported and as a result of rupee depreciation the cost of these components have been going up and hence the cost of projects go up.

However, it is reality that Indian construction equipment manufacturer would have to move towards the state-of-art technology with a balance between the state-of-art technology and user friendly equipment and also value for money to the customers.

Your Company's intention of introduction Model of AL120 Wheel Loader was only to keep a balance between the state-of-art technology and value for money to the user. Your Company will start the commercial production of Model AL 520 Wheel Loader with bucket capacity of 1.9 m³ in the current financial year.

OPPORTUNITY AND THREATS

Products of your Company have large potential in Non-coal and private Sector. Focus will be to tap this segment of customer. Coal India Ltd. and its subsidiaries who are our biggest customer at present contribute 80% of our sales and 20% business is with Non-coal (Metal) and private customers. This ratio will be increased to 60%:40% during current year to reduce dependency on only Coal sector customers. MOC is also allotting Coal blocks to Private players such as GVK, GMR, Jindal, Monnet Ispat for production of Coal which will open ample opportunities for your Company to explore business with these private Customers in future. Your Company has a target to improve on this ratio to 50:50 in future years. Efforts are also being consolidated for

export of products to various countries for production of coal from underground mines for which some Indian players have ventured overseas.

Your Company may face some challenges in coming years consequent to our pulling out of Surface Mining Drilling business. No doubt your Company is exploring new avenues by adding new business lines as well as products to present portfolio but it may take some time before careful decisions are implemented Our dialogues are in progress with some established international players in field and decisions will be taken shortly for benefit of your company. Till such time, there is likely to be some impact on operations.

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 the process of being established, the main risk and concern of your Company remains that it will continue to depend on Government clients 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 the size and nature of the operations of your company, to meet regulatory /statutory requirements.

DEVELOPMENTS ON HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT

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

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

Sales & Other income for the year ended 31st March, 2012 were ₹ 18070.74 lacs as compared to ₹ 18752.69 lacs on 31st March, 2011. The profit before exceptional and extraordinary items and Tax stood at ₹ 1656.92 lacs (Previous Year ₹ 1968.57 lacs).

The Sales & Profitability were affected due to lower spares orders during the year.

CAUTIONARY STATEMENT

Statements in this report on Management's Discussion and Analysis describing your 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.

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

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of Eimco Elecon (India) Ltd. as at 31st March 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) In the case of the Statement of Profit and Loss, 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

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

Ahmedabad
Date : 8th May, 2012

**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.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no continuing failure to correct major weaknesses 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) During the year, the Company has not accepted any deposits under the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 framed there under. 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) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income-tax, sales-tax wealth-tax, service tax, custom duty, excise duty cess and other material statutory dues applicable to

it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.

- (b) The disputed Statutory dues aggregating to Rs. 1015.77 lacs, that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act 1961	Income Tax/ Penalties	110.20	Various years from 2002-03 to 2009-10	Appellate Authority
2	Central Excise Act, 1944	Excise Duty and Service Tax	905.57	Various years from 2006-07 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) There were no term loans obtained by the company during the year.
- (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 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

Place : Ahmedabad
Date : 8th May, 2012

**BALANCE SHEET AS AT 31ST MARCH 2012**

(₹ in Lacs)

	Note No.	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	576.84	576.84
(b) Reserves and Surplus	4	15,178.17	13,413.54
		<u>15,755.01</u>	<u>13,990.38</u>
(2) Non - current liabilities			
(a) Deferred tax liabilities (Net)	23.7	111.01	172.06
(b) Long - term provisions	5	56.94	49.19
		<u>167.95</u>	<u>221.25</u>
(3) Current liabilities			
(a) Trade Payables	6	1,667.04	1,872.57
(b) Other current liabilities	7	375.56	326.19
(c) Short term provisions	8	491.96	540.50
		<u>2,534.56</u>	<u>2,739.26</u>
	Total ...	<u>18,457.52</u>	<u>16,950.89</u>
II. ASSETS			
(1) Non - current assets			
(a) Fixed assets	9		
(i) Tangible assets		1,988.61	2,472.16
(ii) Intangible assets		216.99	113.17
(iii) Capital work-in- progress		5.61	-
(b) Non-current investments	10 (a)	535.31	250.52
(c) Long-term loans and advances	11	209.53	30.49
		<u>2,956.05</u>	<u>2,866.34</u>
(2) Current assets			
(a) Current investments	10 (b)	4,439.62	375.64
(b) Inventories	12	4,226.18	7,269.88
(c) Trade receivables	13	5,071.27	5,025.93
(d) Cash and cash equivalents	14	436.16	241.01
(e) Short-term loans and advances	15	1,328.24	1,172.09
		<u>15,501.47</u>	<u>14,084.55</u>
	Total ...	<u>18,457.52</u>	<u>16,950.89</u>

Significant Accounting Policies and Notes form an Integral Part of the Financial Statements 1 to 23.

As per our report of even date

For TALATI & TALATI
Chartered Accountants
(FRN 110758W)UMESH H. TALATI
Partner
Membership No.34834Ahmedabad
Date : 8th May, 2012Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board of Directors

Mr. P. B. Patel Managing Director

Mr. M. G. Rao Wholetime Director

Mumbai
Date : 8th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Note No.	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
I Revenue From Operations	16		
a) Sale of Products (Gross)		18,902.83	19,525.21
Less : Excise Duty		1,225.46	1,081.44
Sale of Products (Net)		17,677.37	18,443.77
b) Sale of Services		35.92	57.84
c) Other Operating Revenue		85.23	62.47
Total (a+b+c)		17,798.52	18,564.08
II Other income	17	272.22	188.61
III Total Revenue (I + II)		18,070.74	18,752.69
IV Expenses :			
Cost of material consumed	18	7,153.08	7,397.50
Purchase of Stock in Trade		2,475.38	2,891.79
Change in Inventories of finished goods, work in progress and Stock in trade	19	1,121.05	678.04
Employee benefits expenses	20	1,007.84	866.28
Finance costs	21	49.33	68.05
Depreciation and amortisation	9	531.04	636.36
Other expenses	22	4,076.10	4,246.10
Total Expenses		16,413.82	16,784.12
V Profit before exceptional and extraordinary items and tax (III - IV)		1,656.92	1,968.57
VI Exceptional Item (Net)	23.2	898.83	-
VII Profit before tax (V-VI)		2,555.75	1,968.57
VIII Less/ [Add] :Tax expenses			
(1) Current tax		584.00	723.10
(2) (Excess) / Short Provision of Income Tax		-	8.08
(3) Deferred tax		(61.05)	(102.14)
IX Profit for the Period (VII - VIII)		2,032.80	1,339.53
X Earnings per equity share :	23.6		
Equity Shares of par value of ₹10/- each			
(1) Basic		35.24	23.22
(2) Diluted		35.24	23.22
No. of shares used in computing earning per share			
(1) Basic		5,768,385	5,768,385
(2) Diluted		5,768,385	5,768,385

Significant Accounting Policies and Notes form an Integral Part of the Financial Statements 1 to 23.

As per our report of even date

 For TALATI & TALATI
Chartered Accountants
(FRN 110758W)

 UMESH H. TALATI
Partner
Membership No.34834

 Ahmedabad
Date : 8th May, 2012

 Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board of Directors

 Mr. P. B. Patel Managing Director
Mr. M. G. Rao Wholetime Director

 Mumbai
Date : 8th May, 2012

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012**

(₹ in Lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and non-recurring items:	2,555.75	1,968.57
Add:		
1) Depreciation	531.04	636.36
2) Interest Paid	5.72	19.94
	536.76	656.30
Less:		
1) Interest Received	11.54	7.34
2) Dividend Received	204.94	7.13
3) Profit on Sale of Assets	7.54	37.86
4) Profit on Sale of Investments	-	-
	224.02	52.59
Operating profit before change in working capital	2,868.49	2,572.28
Changes in Working Capital		
Add / (Less) :		
1) Inventories	3,043.70	447.48
2) Trade payable	(163.45)	(907.94)
3) Trade receivables	(45.34)	323.41
4) Loans and Advances	(328.05)	119.69
	2,506.86	(17.36)
Cash generated from operation	5,375.35	2,554.91
Less :		
1) Income Tax (Net)	625.14	762.88
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)	4,750.21	1,792.03
B. CASH FLOW FROM INVESTING ACTIVITIES :		
1) Sale of Fixed Assets	235.55	42.52
2) Sale of Investments	-	5.64
3) Interest Received	11.54	7.34
4) Dividend Received	204.94	7.13
	452.03	62.63
Less:		
1) Purchase of Fixed Assets	384.93	149.74
2) Purchase of Investments	4,348.77	375.64
	4,733.70	525.38
NET CASH UTILISED IN INVESTING ACTIVITIES (B)	(4,281.67)	(462.75)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Year Ended 31st March, 2012		Year Ended 31st March, 2011	
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Outflow:				
Less:				
1) Repayment of borrowings - Secured Loans	-		81.68	
2) Repayment of borrowings - Unsecured Loans	-		1,029.64	
3) Interest paid	5.72		19.94	
4) Dividend Paid	267.67	273.39	269.06	1,400.32
NET CASH GENERATED IN FINANCING ACTIVITIES (C)		(273.39)		(1,400.32)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		195.15		(71.04)
Cash and Cash Equivalents as at 01/04/2011		241.01		312.05
Cash and Cash Equivalents as at 31/03/2012		436.16		241.01

As per our report of even date

For TALATI & TALATI
Chartered Accountants
(FRN 110758W)

UMESH H. TALATI
Partner
Membership No.34834

Ahmedabad
Date : 8th May, 2012

Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board of Directors

Mr. P. B. Patel Managing Director

Mr. M. G. Rao Wholetime Director

Mumbai
Date : 8th May, 2012

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS****1. COMPANY OVERVIEW**

Eimco Elecon (India) Ltd. is in business of Manufacturing of Equipment for Mining and Construction sector. The Company was incorporated in 1974 and it is situated at Vallabh Vidyanagar, Gujarat - 388 120.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 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.

During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statement. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosure made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirement applicable in the current year.

2.2 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.

2.3 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.

Fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of purchase/ installation. Depreciation on additions and disposals during the current reporting period is provided on a pro-rata basis.

Intangible assets are shown at Cost of Acquisition less accumulated amortization. Intangible assets are amortized on straight line basis over their individual respective useful life. The management estimates the useful life of the assets as under:

Assets	Year
Technical Know How	7 Years
Computer Software	4 Years

2.4 INVESTMENTS

Investments which are expected to be realisable within twelve months from the Balance Sheet date are classified as current Investments. All other Investments are classified as Non-current Investments.

Current Investments are carried at lower of the cost and fair market value of each investment individually. Non-current investments are carried at cost less provision for diminution other than temporary, in value if any as at the Balance sheet date.

2.5 INVENTORIES

Inventories are stated at Cost or Net Realizable 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 and valued at lower of cost or net realizable value.

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.6 REVENUE RECOGNITION

Sales are stated net of rebate and trade discount and exclude 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 and Duty Drawback received which are accounted on receipt basis.

2.7 OPERATING LEASE

Lease revenue under operating Lease is recognized as income on straight line basis.

Lease expenses under operating lease are recognized as expense on straight line basis.

2.8 EMPLOYEE BENEFITS**(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 and Superannuation Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee performs 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.

2.9 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.

2.10 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 recognized 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 amortized as expense or income over the life of the contract. Exchange difference on such contract is recognized in the statement of profit and loss.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

2.11 RESEARCH AND DEVELOPMENT EXPENSES

All revenue expenditure related to R&D including expenses in relation to development of product/ processes are charged to Statement of Profit and loss in the period in which it is incurred.

Capital expenditure on research and development is classified separately under tangible/intangible assets and depreciated on the same basis as other fixed assets.

2.12 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 up to 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.

2.13 PROVISIONS, 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.

2.14 TAXATION

Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.

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 recognized 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 realized in future.

2.15 EARNING PER SHARE

The basic Earnings Per Share is calculated by dividing the Net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the current reporting period.

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 current reporting period.

2.16 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents comprise cash and balance with banks. The company considers all highly liquid investments with the remaining maturity at the date of purchase of three months or less and that are readily convertible to known amount of cash to be cash equivalent.

2.17 CASH FLOW STATEMENT

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

2.18 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.

2.19 PRODUCT WARRANTY EXPENSES

Product warranty expenses are estimated by the management on the basis of technical evaluation and past experience. Provision is made for estimated liability in respect of warranty cost in the period of recognition of revenue.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2012	(₹ in lacs) As at 31st March, 2011
3. SHARE CAPITAL		
(a) Authorised :		
(10,000,000 Equity shares of ₹ 10/- each)	<u>1,000.00</u>	<u>1,000.00</u>
(b) Issued, Subscribed and Fully paid		
Issued 57,68,386 Equity Shares of ₹ 10/- each	576.84	576.84
Subscribed and Paid up 57,68,385 Equity Shares of ₹ 10/- each	576.84	576.84
Issue but not Subscribed 1 (One) Equity Shares of ₹ 10/- each	0.00	0.00
(c) Par Value of Share (₹ 10/- each)		
Total ..	<u><u>576.84</u></u>	<u><u>576.84</u></u>

Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:

Number of shares at the beginning	5,768,385	5,768,385
Number of shares at the end	5,768,385	5,768,385
Amount of Share Capital at the beginning	576.84	576.84
Amount of Share Capital at the end	576.84	576.84

Details of Shareholders holding more than 5% equity shares

Elecon Engineering Company Ltd. (16.62%)	958,426	958,426
EMTICI Engineering Ltd. (14.19%)	818,303	818,303
K B Investments Private Ltd. (8.44%)	487,015	487,015
Tamrock Great Britain Holdings Ltd. (25.10%)	1,447,875	1,447,875

Terms / Rights attached to Shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per Share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2011 the amount of per share dividend recognised as distribution to equity shareholders was ₹ 4/-.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

4. RESERVES AND SURPLUS

(a) Capital Reserves		
Balance as per last balance sheet	2.91	2.91
(b) Securities Premium Reserve		
Balance as per last balance sheet	753.83	753.83
(c) General Reserve		
Balance at the beginning of the year	12,304.98	11,254.98
Add : Transfer from statement of Profit & Loss	1,750.00	1,050.00
	<u>14,054.98</u>	<u>12,304.98</u>

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
(d) Surplus as per statement of Profit and Loss		
Balance brought forward	351.82	330.46
Add : Profit for the period	2,032.80	1,339.53
	<u>2,384.62</u>	<u>1,669.99</u>
Less : Appropriations :		
Proposed Dividend	230.74	230.74
Tax on Proposed Dividend	37.43	37.43
Transfer to General Reserve	1,750.00	1,050.00
	<u>2,018.17</u>	<u>1,318.17</u>
Balance as at year end	366.45	351.82
Total ..	<u><u>15,178.17</u></u>	<u><u>13,413.54</u></u>

5. LONG TERM PROVISIONS :

(a) Provision for Employee benefits - Leave liability	56.94	49.19
Total ..	<u><u>56.94</u></u>	<u><u>49.19</u></u>

6. TRADE PAYABLES :

(a) Due to Micro, Small and Medium Enterprises	90.16	76.26
(b) Others	1,576.88	1,796.31
Total ..	<u><u>1,667.04</u></u>	<u><u>1,872.57</u></u>

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(a) Principal amount remaining unpaid to any supplier as at the year end	90.16	76.26
(b) Interest due thereon	-	-
(c) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
(d) Amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2012	(₹ in lacs) As at 31st March, 2011
7. OTHER CURRENT LIABILITIES :		
(a) Interest accrued and due on borrowings	0.82	0.82
(b) Unclaimed dividends	12.07	11.57
(c) Unclaimed matured deposits and interest accrued thereon.	0.55	1.02
(d) Other payables		
Advance from Customers	9.55	5.64
Statutory Payables	128.66	105.00
Provision for Expenses	180.77	202.14
Purchase of Capital Goods	43.14	-
Total ..	375.56	326.19
8. SHORT TERM PROVISIONS :		
(a) Provision for Employee benefits - Leave Liability	7.32	13.92
(b) Others		
Provision for Warranty	176.50	184.44
Proposed Dividend	230.74	230.74
Provision for :		
Tax on Proposed Dividend	37.43	37.43
Income Tax (Net)	39.97	73.97
Total ..	491.96	540.50



NOTES TO FINANCIAL STATEMENT

9. FIXED ASSETS

(₹ in lacs)

	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As at 1st April 2011	Additions during the Year	Deductions during the Year	As at 1st April 2011	For the Year	On Deductions/ Adjust-ment	As at 31st March 2012	As at 31st March 2011
TANGIBLE ASSETS :								
Freehold Land	19.26	-	-	-	-	-	19.26	19.26
Buildings	585.16	6.83	-	261.24	24.93	-	305.82	323.92
Plant & Equipment	7,451.60	118.19	569.48	5,615.78	385.73	364.53	1,363.33	1,835.82
Plant & Equipment (Leased)	37.85	-	37.85	36.68	-	36.68	-	1.17
Electric Fittings	69.17	3.45	-	51.61	2.58	-	18.43	17.56
Office Equipment	147.80	16.51	-	101.11	10.22	-	52.98	46.69
Furniture and Fixtures	229.56	5.63	-	184.77	8.39	-	42.03	44.79
Vehicles	258.98	53.12	60.24	122.24	35.76	38.36	132.22	136.74
R & D Equipments	95.18	18.25	-	48.97	9.91	-	54.54	46.21
Total Tangible	8,894.56	221.98	667.57	6,422.40	477.52	439.57	1,988.61	2,472.16
INTANGIBLE ASSETS:								
Technical Know How	301.40	-	-	188.23	33.35	-	79.82	113.17
Software	-	157.34	-	-	20.17	-	137.17	-
Total Intangible	301.40	157.34	-	188.23	53.52	-	216.99	113.17
TOTAL	9,195.96	379.32	667.57	6,610.63	531.04	439.57	2,205.60	2,585.33
Previous Year	9,369.94	176.01	350.00	6,319.61	636.36	345.34	2,585.33	3,050.33

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2012	As at 31st March, 2011
(₹ in lacs)		
10. INVESTMENTS (AT COST)		
(a) Non Current Investments - at cost		
Investments in Equity Instruments		
(i) Trade (Unquoted)		
Wizard Fincap Ltd. (2,49,500 shares of ₹ 10/- each)	24.95	24.95
Eimco Elecon Electricals Ltd. (5,10,000 shares of ₹ 10/- each)	51.00	51.00
(ii) Non Trade (Quoted)		
Bank of Baroda (700 shares of ₹ 10/- each)	0.60	0.60
Grasim Industries Ltd. (1,000 shares of ₹ 10/- each)	10.84	10.84
Ultratech Cement Ltd. (571 shares of ₹ 10/- each)	-	-
Great Offshore Ltd. (238 shares of ₹ 10/- each)	-	-
Infosys Ltd. (1,856 shares of ₹ 5/- each)	11.18	11.18
Mahindra & Mahindra Ltd. (8,800 shares of ₹ 5/- each)	8.95	8.95
Reliance Industries Ltd. (5,100 shares of ₹ 10/- each)	18.10	18.10
Reliance Infrastructure Ltd. (390 shares of ₹ 10/- each)	2.77	2.77
State Bank of India (3,500 shares of ₹ 10/- each)	29.86	29.86
Tata Chemicals Ltd. (10,000 shares of ₹ 10/- each)	11.29	11.29
Tata Iron and Steel Co. Ltd. (11,325 shares of ₹ 10/- each)	33.29	33.29
Tata Power Ltd. (50,000 shares of ₹ 1/- each)	14.10	14.10
ITC Ltd. (3,000 shares of ₹ 1/- each)	3.50	3.50
Bharti Airtel Ltd. (2,655 shares of ₹ 5/- each)	11.50	11.50
Colgate-Palmolive (I) Ltd. (500 shares of ₹ 1/-each)	3.23	3.23
Hindustan Unilever Ltd. (1500 shares of ₹ 1/- each)	3.95	3.95
Larsen & Toubro Ltd. (500 shares of ₹ 2/- each)	8.77	8.77
Siemens Ltd. (294 shares of ₹ 2/- each)	2.61	2.61
(iii) Non Trade (Unquoted)		
Charotar Gas Sahakari Mandali	0.03	0.03
Investments in Bond :		
Non Trade (Quoted)		
8.20% Power Finance Corporation Ltd. (28,479 of ₹ 1000/- each)	284.79	-
Total ..	535.31	250.52
Aggregate Value of Quoted Investments	459.33	174.54
Market Value of Quoted Investments	734.36	516.18
Aggregate Value of Unquoted Investments	75.98	75.98

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in lacs)

	As at 31st March, 2012	As at 31st March, 2011
(b) Current Investment (lower of cost and fair value)		
Investments in Mutual Fund - Unquoted		
Reliance Medium Term Fund (Units Nil, {P.Y. 5,87,645.840})	-	100.46
Reliance Liquid Fund (Units Nil, {P.Y. 11,45,738.614})	-	175.16
Reliance Monthly Interval Fund - Series I (Units 50,95,730.540)	512.11	-
Reliance Monthly Interval Fund - Series II (Units 21,14,793.561)	211.59	-
Reliance Liquidity Fund (Units 98,29,014.360)	983.40	-
SBI Premier Liquid Fund (Units 25,253.4924)	253.36	-
HDFC Cash Management Fund - Treasury Advantage Plan (Units 25,30,850.434)	253.88	-
Tata Fixed Income Portfolio Fund Scheme B2 (Units 19,97,283.694)	201.61	-
Tata Fixed Income Portfolio Fund Scheme A2 (Units 19,97,762.506)	201.62	-
Tata Liquid Super High Investment Fund (Units 28,784.372)	320.81	-
Birla Sun Life Saving Fund (Units 5,10,756.436)	511.11	-
ICICI Prudential Liquid Super Institutional Plan (Units 6,88,226.741, {P.Y. 84,396.856})	688.38	100.02
ICICI Prudential Interval Fund IV (Units 14,99,565.128)	150.04	-
Kotak Floater Short Term (Units 14,99,636.913)	151.71	-
Total ..	<u>4,439.62</u>	<u>375.64</u>
Aggregate Value of Unquoted Investments	4,439.62	375.64
NAV of Investment in Mutual Funds	4,439.62	375.64
 11. LONG TERM LOANS AND ADVANCES :		
[Unsecured Considered good]		
(a) Capital Advances	135.10	-
(b) Security Deposits	74.43	30.49
Total ..	<u>209.53</u>	<u>30.49</u>
 12. INVENTORIES :		
(a) Raw materials	290.74	281.95
(b) Work-in-progress	788.53	963.26
(c) Finished Goods	51.28	654.26
(d) Stock in Trade	1,312.72	1,656.06
(e) Components	1,782.91	3,714.35
Total ..	<u>4,226.18</u>	<u>7,269.88</u>

NOTES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2012	(₹ in lacs) As at 31st March, 2011
13. TRADE RECEIVABLES :		
(a) Debts outstanding for a period exceeding six months from due date:		
(i) Unsecured considered good	67.52	232.54
(ii) Unsecured considered doubtful	41.59	41.59
Less : Provision for doubtful debts	(41.59)	(41.59)
Total ..	<u>67.52</u>	<u>232.54</u>
(b) Other Debts:		
(i) Unsecured considered good	5,003.75	4,793.39
Total ..	<u>5,071.27</u>	<u>5,025.93</u>
14. CASH AND CASH EQUIVALENTS :		
(a) Balances with banks		
In Current account	323.99	224.04
In Unpaid dividend account	12.07	11.57
In Term Deposit account (Having remaining maturity of less than three Months)	100.00	5.00
(b) Cash on hand	0.10	0.40
Total ..	<u>436.16</u>	<u>241.01</u>
15 SHORT TERM LOANS AND ADVANCES :		
(Unsecured considered good)		
(a) Others:		
Advances to Suppliers	281.12	136.34
Interest Receivable	3.84	0.29
Balance with Excise, Customs and Sales Tax Authorities	768.18	778.93
Advance Income Tax (Net)	197.01	189.87
Prepaid Expenses	78.09	66.66
Total ..	<u>1,328.24</u>	<u>1,172.09</u>

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in lacs)

**For the Year Ended
31st March, 2012****For the Year Ended
31st March, 2011****16. REVENUE FROM OPERATIONS :**

(a) Sale of Products (Refer Note No.23.11)

Domestic Sales

17,561.38

18,248.88

Export Sales

115.99

194.89

17,677.37**18,443.77**

(b) Sale of Services

35.92

57.84

(c) Other Operating Revenues

Sale of Scrape

85.23

62.47

Total ..**17,798.52****18,564.08****17. OTHER INCOME :**

(a) Interest Income - Long Term Investments

5.75

-

- Current Investments

5.79

0.39

- Others

-

6.95

(b) Dividend Income - Long term Investments

6.96

6.49

- Current Investments

197.98

0.64

(c) Profit on sale of Investments - Long Term Investment

-

0.26

(d) Profit on Sale of Assets (Net)

7.54

37.86

224.02**52.59**

(e) Other Non Operating Revenues:

Rent

38.98

63.78

Insurance Claim

0.38

59.92

Sales Tax Refund

-

10.28

Duty Draw Back

-

1.49

Net Gain on Exchange Rate Fluctuations

7.62

0.55

Sundry credit balance written back

1.22

-

48.20**136.02****Total ..****272.22****188.61****18. COST OF MATERIAL AND COMPONENTS CONSUMED
(Refer Note No 23.12 & 23.13)**

Opening Stock

3,996.30

3,765.73

Add : Purchases

5,230.43

7,628.07

9,226.73**11,393.80**

Less : Closing Stock

2,073.65

3,996.30

Total ..**7,153.08****7,397.50**

NOTES TO THE FINANCIAL STATEMENTS

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
		(₹ in lacs)
19. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
(a) Opening Stock		
Finished Goods	654.26	120.52
Work in Progress	963.26	1,955.10
Stock-in-Trade	1,656.06	1,876.00
	<u>3,273.58</u>	<u>3,951.62</u>
Less :		
(b) Closing Stock		
Finished Goods	51.28	654.26
Work in Progress	788.53	963.26
Stock-in-Trade	1,312.72	1,656.06
	<u>2,152.53</u>	<u>3,273.58</u>
Total ..	<u><u>1,121.05</u></u>	<u><u>678.04</u></u>
 20. EMPLOYEES BENEFITS EXPENSES :		
(a) Salaries and Wages	871.92	737.70
(b) Contribution to provident and other funds	92.15	105.88
(c) Staff welfare expenses	43.77	22.70
Total ..	<u><u>1,007.84</u></u>	<u><u>866.28</u></u>
 21. FINANCE COSTS :		
(a) Interest Expense	5.72	19.94
(b) Bank Charges	43.61	48.11
Total ..	<u><u>49.33</u></u>	<u><u>68.05</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
		(₹ in lacs)
22. OTHER EXPENSES :		
Consumables	235.59	175.50
Power and Fuel (Net of Wind Turbine Generation)	44.67	90.44
Rent	81.03	72.50
Repairs and Maintenance :		
Buildings	72.77	221.46
Plant and Machinery	176.52	200.53
Computer	33.62	27.41
Others	41.24	24.08
	<u>324.15</u>	<u>473.48</u>
Insurance	35.42	31.57
Rates and Taxes	19.05	15.56
Excise Duty (Difference between Excise duty on opening and Closing stock of finished goods and Others)	(66.98)	57.35
Product Warranty	176.50	184.44
Freight	107.25	70.58
Compensation to Distributors	1,929.24	2,117.99
Advertisement and Sales Promotion	36.75	61.14
Computer Expense	1.17	3.95
Travelling and Conveyance	78.29	106.10
Software licence fees	43.73	69.36
Legal and Professional Fees	326.82	88.82
Research and Development Expenses :		
(a) Material for Prototyping	32.95	-
(b) Salaries and Wages, Contribution to P.F. & Other funds & other Related expenditure	129.28	121.18
(c) Travelling, Conveyance & other expenses	10.40	-
	<u>172.63</u>	<u>121.18</u>
Directors' Sitting Fees	11.00	4.30
Commission to Non-Executive Directors	12.50	12.50
Auditors Remuneration (Refer Note No.23.10)	4.52	3.92
Lease Rent (Refer Note No.23.19)	22.61	13.60
Bad Debts written off	-	9.28
Provision for Bad Debts	-	41.59
LD charges	158.02	40.59
Works & Office Expenses	52.39	48.41
Miscellaneous Labour charges	163.65	145.90
E-mail & Internet Expenses	12.56	11.38
Garden Expenses	17.35	12.43
Donation	18.90	109.18
Sundry Creditors debit balance written off	-	2.79
Miscellaneous Expenses	57.29	50.27
Total ..	<u><u>4,076.10</u></u>	<u><u>4,246.10</u></u>

NOTES TO THE FINANCIAL STATEMENTS

23.1 CONTINGENT LIABILITY AND COMMITMENT

(a) Contingent Liabilities not provided for

(₹ in lacs)

Particulars	2011-12	2010-11
Guarantees Issued By Banks	1978.38	1841.65
LC opened but goods yet to be received	366.76	249.19
Income tax demand disputed by the Company	262.17	179.88
Sales Tax Demand Disputed by the Company	27.42	27.42
Excise & Service tax Demand Disputed by the Company	1468.47	1367.04

(b) Commitment:

Estimated amount of contracts remaining to be executed on Capital Account is ₹ 668.88 Lacs (P.Y. ₹ NIL)

23.2 The Company has entered into an Agreement with Sandvik Asia Pvt. Ltd. Pune for sale of Surface Drilling Product line for a total consideration of ₹ 1650 lacs. In view of the same, the company has written off inventory of ₹ 751.17 Lacs pertaining to the above. The Company has shown the same as Exceptional item (Net) of ₹ 898.83 lacs after adjusting the cost of inventory.

23.3 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 completed year of service. The scheme is funded with insurance companies in the form of a qualifying insurance policy.

(a) The principal actuarial assumption used in determining the Gratuity for the Company's plan is as under.

Particulars	Gratuity (Funded)	
	2011-12	2010-11
Discount Rate	8.50%	8.25%
Rate of Increase in Compensation Levels	7.00%	7.00%
Rate of Return of plan assets	8.50%	8.25%
Employee Turnover	2%	2%

The following tables summaries the components of net benefit expense recognized in the Profit and loss statement and the funded status and amounts recognized in the Balance Sheet for the respective plan.

(b) Net employee benefit expense (recognized in employee cost)

(₹ in lacs)

Particulars	2011-12	2010-11
Current service cost	10.21	13.65
Interest cost	20.81	17.70
Expected return on plan assets	(23.71)	(17.21)
Net actuarial (gain) / loss recognized in the year	20.67	14.76
Net benefit expense	27.98	28.90

NOTES TO THE FINANCIAL STATEMENTS

(c) The amounts recognised in the Balance Sheet are as follow: (₹ in lacs)

Particulars	2011-12	2010-11
Defined benefit obligation	272.21	252.20
Fair value of plan assets	309.77	287.38
	(37.56)	(35.18)
Less: Unrecognized past service cost	-	-
Liability / (Assets) recognized in the Balance sheet.	(37.56)	(35.18)

(d) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances there of are as follows: (₹ in lacs)

Particulars	2011-12	2010-11
Opening defined benefit obligation	252.20	214.60
Interest cost on benefit obligation	20.81	17.70
Current service cost	10.21	13.65
Benefits paid	(33.62)	(10.59)
Actuarial (gains)/losses on obligation	22.61	16.84
Closing defined benefit obligation	272.21	252.20

(e) Changes in the fair value of plan assets representing reconciliation of opening and closing balances there of are as follows: (₹ in lacs)

Particulars	2011-12	2010-11
Opening fair value of plan assets	287.38	208.64
Expected Return	23.71	17.21
Contribution by employer	30.36	70.04
Benefits paid	(33.62)	(10.59)
Actuarial Gains / (losses)	1.94	2.08
Closing fair value of plan assets	309.77	287.38

(f) Investment Details of Plan Assets (% allocation) - Gratuity Fund

Particulars	2011-12	2010-11
Insured Managed Fund	100 %	100 %

Note : The funds are managed by LIC and LIC does not provide breakup of planned assets by investment type.

NOTES TO THE FINANCIAL STATEMENTS

(g) The amounts pertaining to defined plans are as follow:

(₹ in lacs)

Gratuity Plan (Funded)	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010	As at 31-03-2009	As at 31-03-2008
Defined benefit obligation	272.21	252.20	214.60	182.19	157.25
Fair Value of Plan assets	309.77	287.38	208.63	185.02	161.57
Surplus / (deficit)	37.56	35.18	(5.97)	2.83	4.32
Experience adjustment on plan liabilities	27.83	2.54	14.01	7.71	2.92
Experience adjustment on plan assets	1.94	2.08	2.29	1.86	1.27

23.4 SEGMENT REPORTING

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

23.5 PROVISION FOR WARRANTY

A provision of ₹ 176.50 Lacs (P.Y. ₹ 184.44 Lacs) has been recognized 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.

23.6 EARNINGS PER SHARE

The numerator and the denominator used to calculate basic and diluted Earnings Per Share.

The Numerator and the Denominator used to calculate basic and diluted Earnings Per Share.	2011-12	2010-11
(a) Net Profit available to Equity Shareholders (₹ in Lacs)	2,032.80	1,339.53
(b) Weighted Average number of equity shares used as a denominator for calculating EPS (in Lacs)	57.68	57.68
(c) Basic and Diluted Earnings Per Share (₹)	35.24	23.22
(d) Nominal Value of Equity Shares (₹)	10.00	10.00

**NOTES TO THE FINANCIAL STATEMENTS****23.7 DEFERRED TAX**

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

(₹ in lacs)

Particulars	2011-12	2010-11
DEFERRED TAX ASSETS :		
(a) Provision for Leave encashment and Bonus	21.23	22.55
(b) Provision for Doubtful Debtors	13.50	13.82
	34.73	36.37
DEFERRED TAX LIABILITY :		
(a) Excess of written down value as per books of accounts over Income Tax Written down value.	145.74	208.43
NET DEFERRED TAX LIABILITY	111.01	172.06

23.8 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.

Particulars	As at 31st March 2012	As at 31st March 2011
Payable Against Import of Goods and Services		
Rupees in Lacs	39.90	3.43
Pound Sterling	-	3,371.35
Euro	-	1,071.35
US Dollar	77,995.00	549.21
Advance Payment to Supplier		
Rupees in Lacs	239.53	86.89
Pound Sterling	74,350.60	5,121.91
Euro	185,485.65	122,334.66
US Dollar	98,696.00	6,582.76
AUD	8975.80	-
JPY	-	517,750.00

NOTES TO THE FINANCIAL STATEMENTS**23.9 RELATED PARTY TRANSACTIONS**

Related Party Disclosures as required by Accounting Standard (AS) 18 are given below:

A) Name of the related parties and nature of relationships :

- a) Associates and Joint Ventures
 - (i) Elecon Engineering Company Limited
 - (ii) Wizard FinCap Limited
 - (iii) Eimco Elecon Electricals Limited
- b) Individual having control/ significant influence
 - (i) Mr. Prayasvin B. Patel
 - (ii) Mr. A. M. Deshpande
 - (iii) Mr. M. G. Rao
- c) Key management Personnel
 - (i) Mr. Prayasvin B. Patel
 - (ii) Mr. A. M. Deshpande
 - (iii) Mr. M. G. Rao
- d) Enterprises over which (b) or (c) above have significant influence
 - (i) EMTICI Engineering Limited
 - (ii) Prayas Engineering Limited
 - (iii) Power Build Limited
 - (iv) Narmada Travel Services Limited
 - (v) Elecon Information Technology Limited
 - (vi) Madhubhan Resorts & Spa
 - (vii) Akkaish Mechatronics Limited
 - (viii) Speciality wood pack Pvt. Limited
 - (ix) Elecon Peripherals Limited
 - (x) Bipra Investment & Trusts Private Limited
 - (xi) Devkishan Investments Private Limited
 - (xii) K. B. Investment Private Limited
 - (xiii) Elecon Australia Pty. Limited
 - (xiv) Elecon Africa Pty. Limited
 - (xv) Elecon Singapore Pte. Limited
 - (xvi) Elecon Middle East FZCO
 - (xvii) Elecon Engineering (Suzhou) Co. Limited
 - (xviii) Elecon Transmission International Limited
 - (xix) Power Build Transmission International Limited
 - (xx) Elecon UK Transmission Limited
 - (xxi) Elecon USA Transmission Limited
 - (xxii) David Brown System Sweden AB, Sweden
 - (xxiii) AB Benzlers, Sweden
 - (xxiv) Benzler Technisch Buro Aandrijftechniek B.V (The Netherland)
 - (xxv) Banzler Transmission A.S (Denmark)
 - (xxvi) Benzler Andtriebstechnik GmbH, Germany
 - (xxvii) OY Benzler AB (Finland)
 - (xxviii) Radicon Transmission (Thailand) Limited
 - (xxix) Radicon Transmission System (Thailand) Limited
 - (xxx) Radicon Transmission (Australia) Pty. Limited
- e) Collaborators
 - (i) Sandvik AB Sweden
 - (ii) Tamrock Great Britain Holdings Limited

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ in lacs)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
B) Nature of transactions :		
a) Purchase of Material / Finished Goods		
(i) Elecon Engineering Co. Ltd.	205.92	386.22
(ii) Prayas Engineering Ltd.	632.36	507.66
(iii) Power Build Ltd.	6.65	27.33
(iv) Speciality Woodpack Pvt. Ltd.	30.70	24.96
(v) Eimco Elecon Electricals Ltd.	128.79	57.12
(vi) Sandvik Mining & Const. S.E.A. Pte. Ltd.	-	17.23
b) Job work Income from other Co.		
(i) Elecon Engineering Co. Ltd.	29.02	53.07
(ii) Power Build Ltd.	3.65	6.74
(iii) Eimco Elecon Electricals Ltd.	0.72	3.74
c) Job work Expenses to other Co.		
(i) Elecon Engineering Co. Ltd.	1.81	9.01
(ii) Prayas Engineering Ltd.	11.89	184.75
(iii) Power Build Ltd.	0.16	-
d) Sale of Finished Goods / Consumables		
(i) Elecon Engineering Co. Ltd.	2.73	15.67
(ii) Prayas Engineering Ltd.	23.18	36.33
(iii) Speciality Woodpack Pvt. Ltd.	1.65	1.16
(iv) Eimco Elecon Electricals Ltd.	-	16.76
(v) Sandvik Asia Pvt. Ltd. (Pune) - Subsidiary of Sandvik AB	1,385.06	-
e) Purchase of Fixed Assets		
(i) Elecon Information Technology Ltd.	46.97	32.07
f) Sale of Fixed Assets		
(i) Elecon Engineering Co Ltd.	233.24	-
(ii) Prayas Engineering Ltd.	27.63	18.80
(iii) Eimco Elecon Electricals Limited	0.27	-
g) Sale of Surface Business Product line		
(i) Sandvik Asia Pvt. Ltd. (Pune) - Subsidiary of Sandvik AB	1,650.00	-
h) Expenses Charged to other Co.		
(i) Elecon Engineering Co. Ltd.	20.12	55.77
(ii) Prayas Engineering Ltd.	23.83	16.34
(iii) Sandvik Asia Pvt. Ltd. (Pune) - Subsidiary of Sandvik AB	0.35	-
i) Expenses Charged by other Co.		
(i) Elecon Engineering Co. Ltd.	98.55	105.80
(ii) Prayas Engineering Ltd.	-	0.06
(iii) Speciality Woodpack Pvt. Ltd.	12.64	11.71
(iv) Elecon Information Technology Ltd.	60.91	85.88
(v) Akaaish Mechatronics Ltd.	92.85	86.95
(vi) EMTICI Engineering Ltd.	43.40	46.61
(vii) Wizard Fincap	32.00	28.57
(viii) Madhubhan Resort & Spa	2.96	3.29
j) Sales Commission		
(i) EMTICI Engineering Ltd.	2,015.75	2,318.28

NOTES TO THE FINANCIAL STATEMENTS

		(₹ in lacs)	
		Year Ended	Year Ended
		31st March, 2012	31st March, 2011
k)	Remuneration		
	(i) Mr. Prayasvin B. Patel	87.45	97.95
	(ii) Mr. A. M. Deshpande	30.13	54.07
	(iii) Mr. M. G. Rao	36.93	-
l)	Sitting Fees & Commission		
	(i) Mr. P. M. Patel	4.70	3.40
m)	Dividend Paid		
	(i) Tamrock Great Britain Holdings Limited	57.91	57.91
		As at	As at
		31st March, 2012	31st March, 2011
B)	Balance at year end :		
	(i) Outstanding Payables :		
a)	Associates and Joint Ventures		
	(i) Elecon Engineering Company Limited	106.17	85.90
	(ii) Wizard FinCap Limited	0.88	1.17
	(iii) Eimco Elecon Electrical Limited	56.87	4.30
b)	Enterprises over which (b) or (c) of (A) above have significant influence		
	(i) EMTICI Engineering Limited	373.09	613.14
	(ii) Prayas Engineering Limited	33.28	45.33
	(iii) Power Build Limited	(0.16)	3.87
	(iv) Elecon Information Technology Limited	0.24	0.18
	(v) Madhubhan Resorts & Spa	0.03	0.03
	(vi) Akkaish Mechatronics Limited	-	(0.57)
	(vii) Speciality Wood Pack Pvt. Limited	6.78	5.82
c)	Key management Personnel		
	(i) Mr. Prayasvin B. Patel	45.00	50.50
	(ii) Mr. A. M. Deshpande	7.50	18.00
	(iii) Mr. M. G. Rao	2.78	-
d)	Relatives of Key management personnel		
	(i) Mr. P. M. Patel	2.50	2.50
	(ii) Outstanding Receivables :		
a)	Associates and Joint Ventures		
	(i) Elecon Engineering Company Limited	16.55	26.77
	(ii) Eimco Elecon Electrical Limited	0.92	0.65
	(iii) Speciality Wood Pack Pvt. Limited	0.23	0.24
b)	Enterprises over which (b) or (c) of (A) above have significant influence		
	(i) Prayas Engineering Limited	2.30	4.58
	(ii) Power Build Limited	-	0.13
	(iii) Investment :		
a)	Associates and Joint Ventures		
	(i) Wizard FinCap Limited	24.95	24.95
	(ii) Eimco Elecon Electrical Limited	51.00	51.00

**NOTES TO THE FINANCIAL STATEMENTS****23.10 AUDITORS FEES AND EXPENSES INCLUDES REMUNERATION.**

(₹ in lacs)

For the Year	2011-12	2010-11
As		
(a) Auditor	1.30	1.30
(b) For tax audit fees	0.30	0.30
(c) For other services	1.77	1.24
(d) For reimbursement of expenses	1.15	1.08
Total	4.52	3.92

23.11 TURNOVER

(₹ in lacs)

PARTICULARS	2011-12		2010-11	
	Nos.	Value (₹)	Nos.	Value (₹)
Tunneling Loaders with various attachments other than Road Headers	321	8957.66	320	8772.09
Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
Air Motors	121*	72.34	154*	51.52
Spares for above.	-	7717.43	-	9042.26
Hydraulic Cylinders	42**	12.18	64**	19.96
Construction Equipment	26	375.96	28	403.14
Blast hole & Water well drilling rigs	7	541.80	2	154.80
TOTAL		17677.37		18443.77

*Includes 11(38) numbers for captive consumption.

**Includes 1 (12) numbers for captive consumption.

23.12 CONSUMPTION OF RAW MATERIAL, SPARES & COMPONENTS

(₹ in lacs)

Name of Material	2011-12		2010-11	
	Unit	Value (₹)	Unit	Value (₹)
Casting	Nos.	634.53	Nos.	535.45
Forgings	Nos.	20.32	Nos.	12.29
Bearings	Nos.	78.84	Nos.	97.26
Round Bars and Plates	Tons.	450.47	Tons.	490.10
Other Raw Materials, Spares & Components		5968.92		6262.40
TOTAL		7153.08		7397.50

NOTES TO THE FINANCIAL STATEMENTS

23.13 VALUE OF RAW MATERIALS, SPARES AND COMPONENTS CONSUMED

(₹ in lacs)

For the Year	2011-12		2010-11	
	Value (₹)	%	Value (₹)	%
Imported	2478.05	35	2090.74	28
Indigenous	4675.03	65	5306.76	72
Total	7153.08	100	7397.50	100

23.14 VALUE OF STORES CONSUMED

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
Imported	29.88	-
Indigenous	205.71	175.50
Total	235.59	175.50

23.15 CIF VALUE OF IMPORTS IN RESPECT OF

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
Components and Spares	2612.85	2968.79

23.16 EARNING IN FOREIGN EXCHANGE ON ACCOUNT OF

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
FOB value of Sales	115.99	192.70

23.17 EXPENDITURE IN FOREIGN CURRENCY

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
Travelling	-	24.32
Others	43.59	38.32

23.18 AMOUNT REMITTED DURING THE YEAR IN FOREIGN ON ACCOUNT OF DIVIDEND.

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
Number of Non-resident shareholders	1	1
Number of shares held on which dividend was due	14,47,975	14,47,975
Year to which dividend relates	2010-11	2009-10
Amount remitted	57.92	57.92

**NOTES TO THE FINANCIAL STATEMENTS****23.19 INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE**

(₹ in lacs)

For the Year	2011-12 (Value ₹)	2010-11 (Value ₹)
Lease Payments During the Year	22.61	17.70
Minimum Lease Payments		
Not later than one year	4.72	19.52
Later than one year not later than five years	6.29	19.52

23.20 In view of reclassification certain figures of current year are not strictly comparable with those of previous year.

As per our report of even date attached

For TALATI & TALATI
Chartered Accountants
(FRN 110758W)

UMESH H.TALATI
Partner
Membership No.34834

Ahmedabad
Date : 8th May, 2012

Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board of Directors

Mr. P. B. Patel

Managing Director

Mr. M. G. Rao

Wholetime Director

Mumbai
Date : 8th May, 2012

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 38th Annual General Meeting of the Company to be held on Monday, the 30th July, 2012 at 11.30 a.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this _____ day of _____ 2012

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.**