

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2003-2004**

BOARD OF DIRECTORS

Mr. B.I. Patel — Chairman & Managing Director
Mr. Hans C. Gass
Mr. Hakan Kingstedt
Mr. Werner Kraher
Mr. P.M. Patel
Mr. H.S. Parikh
Mr. P.B. Patel
Mr. N.S. Patel

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Friday, the 3rd September 2004 at 3.00 p.m. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat state to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. H.S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Werner Kraher 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. Hakan Kingstedt, 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, upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation.

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 25th August, 2004 to 3rd September, 2004 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the Year ended 31st March, 2004 when declared at the meeting will be paid:
 1. to those members whose names appear in the Register of Members of the Company on 25th August, 2004.
 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 24th August, 2004.
- D. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- E. The members are requested to bring with them their copy of Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.

Registered office
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat-388120

By order of the Board

Nilesh D.Shelat
Company Secretary

Date: 23rd April, 2004

Registered office
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat-388120

By order of the Board

Nilesh D.Shelat
Company Secretary

Date: 23rd April, 2004

ANNEXURE TO THE NOTICE

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

ITEM NO.6

Mr. Hakan Kingstedt was appointed as an Additional Director with effect from 13-10-2003 pursuant to Section 260 of the Companies Act, 1956. Mr. Hakan Kingstedt 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. Hakan Kingstedt 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. Hakan Kingstedt will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

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

Registered office
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat-388120

By order of the Board

Date: 23rd April, 2004

Nilesh D.Shelat
Company Secretary

DIRECTORS' REPORT

To
The Members,
EIMCO ELECON (INDIA) LTD.

The Directors have pleasure in presenting their 30th Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2004.

1. FINANCIAL RESULTS

	31-03-2004	31-03-2003
	(Rs.)	(Rs.)
Profit before Depreciation, Voluntary Retirement Compensation & Provision for Taxation	167,397,666	121,127,959
Less: Depreciation	46,462,792	40,223,627
	120,934,874	80,904,332
Less: Voluntary Retirement Compensation	-	541,728
PROFIT BEFORE TAX	120,934,874	80,362,604
Less: Provision for Taxation and Deferred Tax	44,861,706	30,710,778
PROFIT AFTER TAX	76,073,168	49,651,826
Excess / Short provision for taxation for earlier year	(1,798,090)	58,140
	74,275,078	49,709,966
Add: Balance brought forward from last year	25,502,196	22,266,846
	99,777,274	71,976,812
APPROPRIATED AS		
Proposed Dividend	19,035,671	19,035,671
Tax on distributed Profit	2,438,945	2,438,945
Transfer to General Reserve	50,000,000	25,000,000
Balance Carried Forward	28,302,658	25,502,196
Total	99,777,274	71,976,812

2. PERFORMANCE

During the year under review, the Company has achieved the highest ever turnover of Rs.869.63 million (previous year 836.89 million) The net profit stood at Rs.76.07 million (previous year Rs. 49.65 million).

3. DIVIDEND

Your directors recommend for your consideration a dividend of 33% for the year ended 31st March, 2004.

4. INSURANCE

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

5. FIXED DEPOSITS

Eight Deposits aggregating to Rs.115,725 though matured were not claimed as on 31st March 2004.

6. DIRECTORS

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

During the year Mr. C.T.Dave, Wholetime Director and Mr. Lasse Hakoaho Director resigned from the Board of Directors of the company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. C.T.Dave and Mr. Lasse Hakoaho.

Mr. Hakan Kingstedt has been appointed Additional Director w.e.f. 13th October 2003 and he will hold office as Additional Director upto Annual General Meeting. Notice together with deposit has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing Mr. Hakan Kingstedt'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 along with proper explanation relating to material departures;

2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors have prepared the annual accounts on a going concern basis.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

9. CORPORATE GOVERNANCE

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

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

10. PERSONNEL

Industrial relations in the Company were cordial throughout the year under review. The Board of Directors of the Company wishes to place on record

its sincere appreciation for the continued support and good work of all employees.

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

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

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

12. AUDITORS

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

13. ACKNOWLEDGEMENT

The Board records it's 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

B.I. PATEL
CHAIRMAN

Place : Vallabh Vidyanagar

Date : 23rd April, 2004

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 2004.

(A) Names of employees employed throughout the year

Sr No.	Name	Age Years	Qualifi- cation	Date of joining	Designation	Nature of duty	Remuneration Received		Exper- ience (years)	Last Employ- ment & Designation
							Gross (Rs.)	Net (Rs.)		
1	Mr.B.I.Patel	76	B.A.	1-9-93	Chairman & Managing Director	Overall Manage- ment	62,56,439	49,06,234	57	Elecon Engineering Co. Ltd. Chairman & Managing Director

(B) Names of employees employed for the part of the year

1	Mr.C.T.Dave	66	DME MMGI	1-11-75	Executive Director	Overall Manage- ment	30,17,540	20,33,231	43	The Milling Trading Co. P. Ltd. Divisional Admini- strator
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NOTES :

- Both the appointments are contractual.
- Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company’s contribution to Provident Fund, Superannuation and Gratuity Fund, Retirement Benefits, monetary value of perquisites in accordance with the provision of the Income Tax Act, 1961.
- Experience includes number of years service elsewhere, wherever applicable.
- Mr. B.I. Patel is a relative of Mr. P.B. Patel & Mr. P. M. Patel, Directors 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, 2004.

[A] Conservation of energy :

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

[B] Technology absorption :

Form B (rule 2)

Research & Development (R&D)

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

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

1. Capital	:	Rs. Nil
2. Recurring	:	Rs.1,827,848
3. Total R & D expenditure		
Percentage of total turnover	:	0.21%

[C] Technology absorption, adaptation & innovation:

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

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

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

3. Technology imported:

[a] Year of Imports: The company has signed two Collaboration Agreements in 1999 as mentioned below:

- i. Agreement dated 1-6-1999 with Sandvik Tamrock Secoma SA, France for manufacture of CTX models of Load Haul Dumps products.
- ii. Agreement dated 2-12-1999 with Driltech Mission LLC, USA for manufacture of Rotary Blasthole Drills and DTH Drills.

[b] Whether technology fully absorbed:

Technology for the above mentioned products are absorbed.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs.4,303,213 and continues to make efforts to push up exports. The Company has also earned commission to the extent of Rs.7,697,632.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 328,198,320	Rs.12,000,845

For and on behalf of the Board

B.I. PATEL
CHAIRMAN

Place : Vallabh Vidyanagar

Date : 23rd April, 2004

CORPORATE GOVERNANCE REPORT

Annexure 3 to the Directors' Report

1. Company's philosophy

The Company is committed to good Corporate Governance. The mandatory requirement 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 2003-2004, 5 Board Meetings were held i.e. on

- 13th May 2003
- 3rd June 2003
- 17th July 2003
- 13th October 2003
- 19th January 2004

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 5 held	Attendance at last AGM Held on 27-9-2003	No. of other Directorships in other public companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other companies	
						Member	Chairman
1.	Mr. B.I. Patel	CMD-P	5	Yes	8	1	Nil
2.	Mr.C.T.Dave	WTD	4	Yes	Nil	Nil	Nil
3.	Mr. P.B. Patel	NED-P	5	Yes	12	Nil	Nil
4.	Mr. H.S. Parikh	NED (I)	0	Yes	4	6	3
5.	Mr. P.M. Patel	NED (I)	1	No	3	6	1
6.	Mr. N.S. Patel	NED (I)	1	No	1	Nil	Nil
7.	Mr. Hans Gass	NED (I)	4	No	2	1	Nil
8.	Mr. Lasse Hakoaho	NED (I)	0	No	Nil	Nil	Nil
9.	Mr. Werner Kraher	NED (I)	2	No	Nil	Nil	Nil
10.	Mr.Hakan Kingstedt	NED (I)	1	No	Nil	Nil	Nil

CMD : Chairman & Managing Director

WTD : Wholetime Director

P : Promoter

NED (I) : Non Executive Director (Independent)

3. Audit Committee

At the meeting held on 31st January 2001, the Board of Directors have appointed an Audit Committee comprising of following Directors :

Mr. H.S. Parikh (Chartered Accountant)	Chairman	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Member	NED-I

The Executive Director, Chief Executive Officer, 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		
	13 th May 2003	27 th September 2003	6 th March 2004
Mr. H.S. Parikh	Yes	Yes	Yes
Mr. N.S. Patel	No	No	Yes
Mr. P.B. Patel	Yes	Yes	No

4. Remuneration Committee

With effect from 21st July 2001, the Board of Directors have appointed a Remuneration Committee comprising of following Directors :

Mr. H.S. Parikh (Chartered Accountant)	Chairman	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Member	NED-I

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on		
	13 th May 2003		
Mr. H.S. Parikh	Yes		
Mr. N.S. Patel	No		
Mr. P.B. Patel	Yes		

The details of remuneration paid to Whole-time Directors are as under :

Name	Salary (Rs.)	Perquisites (Rs.)	Commission	Total (Rs.)	Period of contract
Mr. B.I. Patel	200,000 p.m.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956	2,400,000 + 717,185 + 2,150,000 <hr/> 5,267,185	3 years from 1-9-02 to 31-8-05.
Mr. C.T. Dave	120,000 p.m.	500,000 p.a.	1% of net profit or 50% of annual salary whichever is less.	1,080,000 + 374,740 + 540,000 <hr/> 1,994,740	2 years from 1-1-03 to 31-12-04, resigned with effect from 31-12-03.
Bonus				Nil	
Stock Options				Nil	
Pension				Nil	
Others				Nil	

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

EIMCO ELECON (INDIA) LIMITED

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

Name	Sitting Fees		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. P.B. Patel	20000	15000	35000
Mr. N.S. Patel	5000	5000	10000
Mr. P.M. Patel	5000	Nil	5000
Mr. H.S. Parikh	NIL	20000	20000
Mr. Hans Gass	15000	Nil	15000
Mr. Lasse Hakoaho	Nil	Nil	Nil
Mr. Werner Kraher	5000	Nil	5000
Mr. Hakan Kingstedt	5000	Nil	5000
			95000

5. Share Transfer Committee

This Committee is comprising of following Directors :

Mr. B.I. Patel Mr. P.B. Patel
Mr. N.S. Patel Mr. C.T. Dave

In financial year 2003-2004, meetings of Share Transfer Committee have been convened 3 times for approving share transfer, dematerialization of shares, issue of duplicate share certificates etc.

The status of attendance is as under :

Name of Director	No. of meetings attended out of total 3 held
Mr. B.I. Patel	3
Mr. P.B. Patel	0
Mr. N.S. Patel	0
Mr. C.T. Dave	3

6. Investors Grievance Committee / Shareholders Committee

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

Mr. H.S. Parikh	Member	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Chairman	NED-I
Mr. N.D. Shelat	Secretary & Compliance Officer	Company Secretary
i. No. of shareholders complaints received so far		Nil
ii. No. of complaints not solved to the satisfaction of the shareholders		Nil
iii. No. of pending share transfers		Nil

7. General Body Meetings

Year	Venue	Date	Time
2002-2003	Registered Office at Vallabh Vidyanagar, Gujarat	27-9-2003	03.00 p.m.
2001-2002	-do-	28-9-2002	03.00 p.m.
2000-2001	-do-	29-9-2001	03.00 p.m.

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

8. 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

9. Means of Communication

i. Half yearly report sent to each shareholders residence.	No
ii. In which newspapers quarterly results were normally published.	Indian Express, Financial Express (Gujarati) Business Standards, Asian Age, Jansata (Gujarati)
iii. Any website where results or official news are displayed.	eimco-elecon.com
iv. The presentation made to institutional investors or to the analysts.	Yes, on request
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 | 3 rd September, 2004 at 03.00 p.m.
at Regd. Office
Vallabh Vidyanagar |
| ii. Financial year | 2003-2004 (year ending 31-3-2004) |
| iii. Book Closure Date | 25-8-2004 to 3-9-2004 |
| iv. Dividend payment date | 6 th September 2004 |

EIMCO ELECON (INDIA) LIMITED

v. Listing on Stock Exchanges

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

Vadodara Stock Exchange Ltd. (Regional)
Fortune Towers
Dalal Street
Sayagi Gunj
Vadodara – 390 005

The Stock Exchange, Ahmedabad
Kamdhenu Complex
Opp. Sahajanand College
Near Polytechnic, Panjara Pole
Ahmedabad – 380 015

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

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

The listing fee for the year 2003-2004 for all 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 period under review.

vi. Stock Code

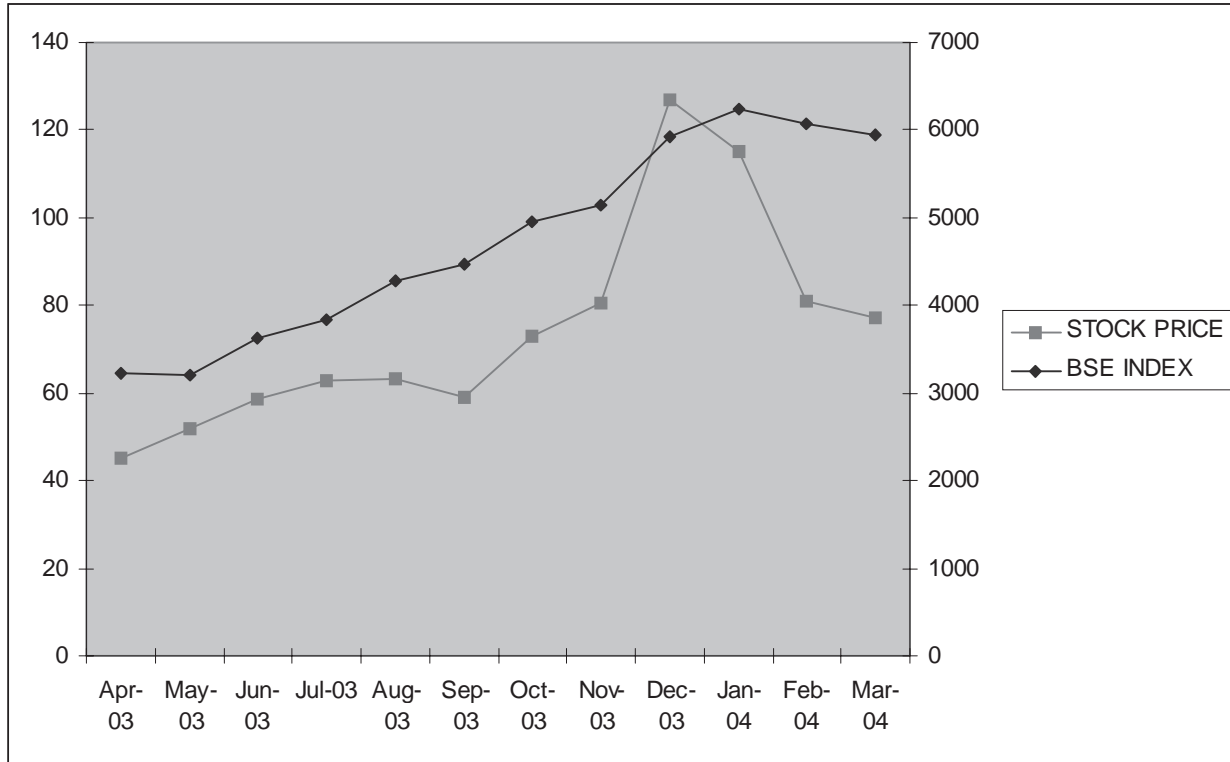
The Stock Code of company's shares is as follows :

Name of the Stock Exchange	Code No.
Vadodara Stock Exchange	23708
Ahmedabad Stock Exchange	15370
Bombay Stock Exchange	523708
National Stock Exchange of India Ltd.	EIMCOELECO EQ
ISIN No. for Shares in Demat mode	INE 158B01016

vii. Market Price Data

Month	The Stock Exchange Mumbai			BSE Index		National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Volume	High	Low	High (Rs.)	Low (Rs.)	Volume
Apr 2003	45.10	40.00	1299	3221.90	2904.44	48.95	40.05	2554
May 2003	52.00	43.10	3340	3200.48	2934.78	56.00	44.50	9217
Jun 2003	58.80	48.00	17366	3632.84	3170.38	59.80	44.00	44438
Jul 2003	62.90	53.10	17569	3835.75	3534.06	64.80	52.50	32362
Aug 2003	63.30	53.00	17015	4277.64	3722.08	65.80	52.55	19853
Sep 2003	58.95	47.05	9706	4473.57	4097.55	65.15	47.60	7223
Oct 2003	72.95	48.50	41250	4951.11	4432.93	72.40	47.55	38078
Nov 2003	80.40	59.50	23599	5135.00	4736.70	87.50	58.00	47388
Dec 2003	127.05	70.55	54760	5920.76	5082.82	124.05	74.50	71486
Jan 2004	115.00	76.00	37141	6249.60	5567.68	118.60	63.65	30463
Feb 2004	81.00	67.00	34104	6082.80	5550.17	80.00	66.25	23004
Mar 2004	77.00	62.00	18088	5951.03	5324.78	78.00	63.75	17815

viii. Index graph



ix. Share Transfer System

No. of transfers during the year	: 202	No. of shares transferred	: 23150
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x. Distribution of shareholding as on 31-03-2004 :

Shares held	No. of Shareholders	% of shareholders	No. of Sharesheld	% of Shareholding
1-250	5039	91.19	625977	10.85
251-500	285	5.16	100830	1.75
501-1000	83	1.50	63618	1.10
1001-2000	55	0.99	80717	1.40
2001-3000	21	0.38	51918	0.90
3001-4000	11	0.20	38550	0.67
4001-5000	6	0.11	26180	0.45
5001-10000	8	0.14	51437	0.89
10001 & above	18	0.33	4729158	81.99
Total	5526	100.00	5768385	100.00

EIMCO ELECON (INDIA) LIMITED

xi. Shareholding Pattern as at 31st March 2004

	Category	No. of shares held	% of Shareholding
A	Promoter's holding		
1.	Indian promoters	2730512	47.33
	Foreign Promoters	1447875	25.10
2.	Persons acting in concert	9030	0.16
	Sub-total	4187417	72.59
B.	Non-Promoters' Holding		
3.	Institutional investors		
a.	Mutual Funds and UTI	Nil	Nil
b.	Banks, Financial Institutions Insurance companies (Central/State Government Institutions /Non-Government Institutions)	23450	0.41
c.	Foreign Institutional Investors	466550	8.09
	Sub-total	490000	8.50
4.	Others		
a.	Private corporate bodies	94953	1.65
b.	Indian Public	989495	17.15
c.	Non-Resident Indians	6520	0.11
d.	Any other (please specify)	Nil	Nil
	Sub-total	1090968	18.91
	GRAND TOTAL	5768385	100.00

xii. Dematerialization of shares and liquidity.

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

As on 31st March 2004, 68.12% (39,29,745 Shares) have been dematerialized.

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

xiv. Plant locations :

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

xv. Address for correspondence :As above.

NOTE ON APPOINTMENT OR REAPPOINTMENT OF DIRECTORS. :**ANNEXURE - 4 TO DIRECTORS' REPORT****1. Mr. H.S.Parikh**

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

Mr. H.S.Parikh is Chartered Accountant and 77 years of age. His other Directorships and Committee Memberships of other companies, as on date, are as follows:

Company	Position	Committee Memberships
Elecon Engineering Co. Ltd.	Director	Audit Committee Remuneration Committee Shareholders/Investors' Grievance Committee
Supreme Industries Ltd.	Director	Audit Committee Remuneration Committee
Simplex Castings Ltd.	Director	Audit Committee Shareholders/Investors' Grievance Committee.
Pranavadiya Spinning Mills Ltd.	Director	Audit Committee Remuneration Committee

2. Mr. Werner Kraher

Mr. Werner Kraher had also been appointed as a Director of the company with effect from 21st July 2001, liable to retire by rotation. Mr. Werner Kraher is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Mr. Werner Kraher is German National. He is Mechanical Engineer and has more than 25 years of experience. He is associated with Sandvik Group since last 15 years. Presently he is President of Voest Alpine Bergtechnik Group. He does not hold Directorships in any other Indian companies.

3. Mr. Hakan Kingstedt

Mr. Hakan Kingstedt was appointed as an additional Director of the Company with effect from 13th October 2003. He is associated with Sandvik Group since 1997-98 and at present he is VP Human Resources of Sandvik Mining and Construction. He does not hold directorship in any other Indian companies.

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

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

We have examined the compliance of conditions of corporate governance by EIMCO ELECON(I) LTD. for the year ended 31st March, 2004, 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation 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 state that the Registrars of the Company have certified that as at March 31, 2004, there were no investor grievances remaining unattended /pending for more than 30 days.

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

For and behalf of
TALATI & TALATI
Chartered Accountants,

Place : Ahmedabad
Date : 23rd April, 2004

Umesh H. Talati
Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

ANNEXURE 5 TO DIRECTORS' REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

A. COAL MINING:

Last year, it was reported that no significant changes are expected the current year being the Election year. However, the pace of re-organization in coal Industry is not expected to undergo much change. Coal Mining is such an entrenched Trade Union and political issue that in some part of the countryside, it doubles as the main arm of the Government. Any structural change is fiercely resisted by most of political parties and can only be marginal. As aptly said with regard to Fashion, "the more it changes, the more it remains the same."

Be that as it may, it is also a fact that by sheer volume, Indian Coal Mining is a gigantic operation and occupies the third place in the world in terms of output. The production during the just concluded fiscal will top 325 million tones and is expected to reach 405 MT by year 2006-07 while the demand for the same year is envisaged to rise to 460 MT leaving a demand – supply gap of more than 50MT. As can be seen, as far as Coal India and Singareni are concerned, there is no threat to their market- only limitation being their capacity to produce. The country has the appetite for all they can supply.

Coal Industry is expected to invest upwards of Rs. 150 Billion during the next 4 to 5 years in new and ongoing Projects to augment production. A sizeable part of this investment will be towards new plant and machinery. As expected, major emphasis will be on Open Cast Mining, contributing to around 75% of the output and somewhat same portion of the outlay.

Though Open Cast Mining will dominate the scenario in the foreseeable future, there is no escape from putting more and more stress on underground mining due to reasons of land-use, resettlement of displaced persons and environmental degradation which large Open Cast Projects bring about and against which the voice of the people affected in the countryside are becoming more and more strident. Underground coal also commends premium due to its better quality. The so-called "Intermediate Technology" involving Drill – Blast-Load Method will continue to dominate underground coal mining which is also the mainstay of our company's business operations. The Coal Industry might have termed this as "Intermediate

Technology", but the equipment suite involved in this method of mining has to incorporate the latest in Hydraulics, Control and Sensors, Ergonomy and Safety. Being the leader in this field, it should be the endeavour of our company to put stress on these aspects and offer more innovations in the coming year to stay ahead of the Pack.

As mentioned in the last year's report, the cut and carry method has made a good beginning in one of the underground mines on trial basis and in the coming years it is expected that this technology will be adopted in some of the large underground projects. However, being very capital intensive, the scope of widespread adoption of this technology is limited and Coal Industry is looking for an economical version with a more modest production goal of say around 700-1000 tonnes per day which will make it possible for adoption on a wider scale due to comparatively low capital cost.

B. METALLIFEROUS MINING:

As reported last year, restructuring of the metal Mining Sector has not made any further progress after the successful sale of Hindustan Zinc Ltd. and Bharat Aluminum Company. Efforts in this direction has now come to a complete stop after the recent Supreme Court judgement that Parliamentary approval is necessary for changing the ownership pattern of any company which has been formed by an Act of Parliament. Most of the Metalliferous Mining Companies were formed by the Government through the Nationalization route and hence a Parliamentary Bill has to be passed for their privatization. Under the present circumstances and looking at the respective strength of the political parties in the parliament and their stance towards privatization, it will be an uphill task to bring any further restructuring in this sector. A via –media has been found by the Government in case of cash –rich oil companies by floating public issues in the market. But this is not feasible for the metal mining companies, almost all of who are terminally sick due to marginal grade of reserves, a bloated workforce and near obsolete Plant and Equipment. The sole Gold and Uranium mining companies are however doing quite well where fresh investments are being made.

OPPORTUNITIES AND THREATS

We had reported last year that our company had broken new ground in its product offering by introducing in the market a 250 MM dia Blast Hole Drill for open cast mining. The equipment was on trial in one of the Coal India Mines and we are happy to report that the trial has been completed successfully and now our company can participate in the regular Tenders floated by the Coal India. As stated earlier, open cast mining will continue to contribute up to about 75% of the country's total coal production and it is expected that demand for such equipment will continue to grow and our company will garner a fair market share for such equipment. It is also proposed to extend the product range by manufacturing 150/160 MM Blast Hole /Down Hole Drill for which demand exists not only in Coal sector but also in metalliferous sector such as Iron Ore, Lime Stone and open Cast base metal mines such as Zinc, Copper and Aluminum.

As far as underground mining is concerned, our company has always maintained its leadership position in introduction of new and better coal mining equipment especially in the Intermediate Technology. It has also introduced successfully equipment package for Gallery Blasting Method of coal mining and is only Company in India to be able to make and service such equipment locally.

Be it Intermediate Technology or cut and carry method, supporting effectively the freshly exposed roof is a perennial problem in Indian Coal Mines. Roof-falls contribute to a major share of the fatal and serious injuries in the coal mining industry year after year. Development of an efficient mechanized Roof Drilling Jumbo is the crying need of the industry. Development work is nearing completion in our company to produce a self-propelled Roof Drilling Jumbo incorporating the latest hydraulic drilling and control technology to drill the roof from a safe location for installation of the bolts efficiently and quickly.

SEGMENTWISE PERFORMANCE

(A) TRADING IN UNDERCARRIAGE PARTS

During the year company made sales of Rs.2.16 lakhs as against Rs.2.61 crores last year. There was no significant improvement in sales due to drop in demand by Coal sector who are major buyers of these under-carriages.

(B) MINING MACHINERY & SPARES

Company sold 119 machines amounting to Rs.38.98 crores as against 106 machines amounting Rs.37.80 crores last year.

OUTLOOK FOR THE COMPANY

With the revival of investment climate in coal companies, your Company is expected to do better in the coming years.

RISKS AND CONCERNS

The main risk and concern of the company remains that it is almost entirely dependent on virtually on one Govt. client and virtually few products. While the company cannot do much to substantially increase its client base, being entirely dependent on Government's Minerals Policies.

INTERNAL CONTROL SYSTEM

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

DEVELOPMENTS ON HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONT

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND OUTLOOK

Sales & Other income for the year ended 31st March, 2004 were Rs.869.63 million as compared to Rs.836.89 million on 31st March, 2003. The net profit stood at Rs.76.07 million (previous year Rs.49.65 million).

CAUTIONARY STATEMENT

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

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

AUDITORS' REPORT

The Members
Eimco Elecon (India) Ltd.
Vallabh Vidyanagar – 388 120
Gujarat

1. We have audited the attached Balance Sheet of Eimco Elecon (India) Ltd. as at 31st March 2004, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as

required by law have been kept by the company so far as appears from our examination of those books;

- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the directors, as on 31st March 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2004 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 2004;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date;
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For TALATI & TALATI

Chartered Accountants

Ahmedabad
23rd April, 2004

Umesh H. Talati
Partner

ANNEXURE

RE : Eimco Elecon (India) Ltd.
Vallabh Vidyanagar – 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) There were 2 companies covered in the register maintained u/s 301 to whom the company has granted unsecured loans. The maximum amount outstanding during year was Rs.1,95,00,000/- and the year end balance of loans granted to such parties was Rs.75,00,000/-.
- (b) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There is no overdue amount of loans granted to companies listed in the register maintained u/s 301 of the Companies Act, 1956.
- (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 major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of Rs.five lac in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
-

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- (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, custom duty, excise-duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 31-3-2004 for a period of more than six months from the date they become payable.
- (c) According to the records of the company, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty/cess, which have not been deposited on account of any dispute except in the case of Income Tax Act of Rs.19,57,468/- has not been paid as the same is under dispute. The dispute is pending with CIT (Appeals), and in case of Sales-tax, the company has obtained a stay from High Court against demand of Rs.3,04,37,143/- by the Sales Tax Dept. against interest on sales tax deferment availed by the company.
- (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 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 the terms and conditions on which the company has given guarantee for loans taken by others from financial institution is not prejudicial to the interest of the company.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no significant funds raised on short-term basis have been used for long-term investment by the company.
- (xviii) The company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s 301 of the Act.
- (xix) During the period covered by our audit report, the company has not issued any debentures.
- (xx) The company has not raised any money out of public issue. However, the company has received public deposit and the end use of such money received from public deposit as disclosed has been verified.
- (xxi) We report that no fraud on or by the company has been noticed or reported during the course of our audit.
- For TALATI & TALATI
Chartered Accountants
- Ahmedabad
23rd April, 2004
- Umesh H. Talati
Partner
-

EIMCO ELECON (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule	Rupees	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	716,829,052		664,028,590
			774,512,902	721,712,440
Loan Funds				
Secured Loans	3	100,000,000		-
Unsecured Loans	4	182,091,782		67,785,154
			282,091,782	67,785,154
Deferred Tax Liability			48,166,596	41,091,176
		Total ...	1,104,771,280	830,588,770
APPLICATION OF FUNDS				
Fixed Assets	5	644,280,222		444,713,260
Less: Depreciation		250,689,216		207,503,301
Net Block		393,591,006		237,209,959
Capital Work in Progress		3,754,026		20,726,472
Net Block			397,345,032	257,936,431
Investments	6		10,247,025	10,244,500
Deferred Tax Asset			3,096,562	2,882,848
Current Assets, Loans and Advances	7			
Inventories		237,352,446		222,904,562
Sundry Debtors		260,387,285		320,667,032
Cash and Bank Balances		144,928,267		90,694,156
Loans and Advances		246,923,492		37,568,103
		889,591,490		671,833,853
Less : Current Liabilities and Provisions	8			
Current Liabilities		170,025,119		87,420,953
Provisions		25,483,710		24,887,909
		195,508,829		112,308,862
Net Current Assets			694,082,661	559,524,991
		Total ...	1,104,771,280	830,588,770

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

UMESH H. TALATI
Partner

N.D. Shelat
Company Secretary

For and on behalf of the Board
B.I.PATEL Chairman & Managing
Director

H.S.PARIKH Director

Ahmedabad
23rd April, 2004

Vallabh Vidyanagar
23rd April, 2004

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2004

	Schedule	Amount Rupees	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
INCOME				
Sales and Other Income	9		869,631,288	836,890,045
EXPENDITURE				
Manufacturing and other expenses	10	684,653,690		693,358,689
Miscellaneous Expenses	11	17,579,932		22,403,397
Depreciation		46,462,792		40,223,627
			748,696,414	755,985,713
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION			120,934,874	80,904,332
Voluntary Retirement Compensation			-	541,728
PROFIT BEFORE TAX			120,934,874	80,362,604
Provision for taxation(Including Rs.50,000/-for Wealth Tax)			38,000,000	30,500,000
Provision for Deferred Tax (Refer Note No1(I))			6,861,706	210,778
PROFIT AFTER TAX			76,073,168	49,651,826
Less:Short/(Excess) Provision for Taxation for earlier years			1,798,090	(58,140)
NET PROFIT			74,275,078	49,709,966
Balance brought forward			25,502,196	22,266,846
PROFIT AVAILABLE FOR APPROPRIATION			99,777,274	71,976,812
APPROPRIATIONS				
Proposed Dividend			19,035,671	19,035,671
Tax on distributed profits			2,438,945	2,438,945
Transfer to General Reserve			50,000,000	25,000,000
Balance Carried forward			28,302,658	25,502,196
			99,777,274	71,976,812
Notes to the Accounts	12			
Earnings per share (Rs.) Basic & Diluted (Face value of Rs. 10 each)			12.88	8.62

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

UMESH H.TALATI
Partner

Ahmedabad
23rd April, 2004

N.D. Shelat
Company Secretary

For and on behalf of the Board
B.I.PATEL
Chairman & Managing
Director

H.S.PARIKH
Director

Vallabh Vidyanagar
23rd April, 2004

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 1	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
SHARE CAPITAL		
Authorised : 10,000,000 Equity shares of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued : 5,768,386 Equity shares of Rs.10 each	<u>57,683,860</u>	<u>57,683,860</u>
Subscribed and Paid up : 5,768,385 Equity shares of Rs.10 each	<u>57,683,850</u>	<u>57,683,850</u>
Total ..	<u>57,683,850</u>	<u>57,683,850</u>
(Of the above shares 4,187,786 shares are allotted as fully paid Bonus shares by capitalisation of General Reserve)		

SCHEDULE - 2

RESERVES AND SURPLUS

Capital Reserve As per last Balance Sheet	291,000	291,000
Share Premium As per last Balance Sheet	75,383,000	75,383,000
General Reserve As per Last Balance Sheet	562,852,394	537,852,394
Add : Transferred from Profit & Loss Account	<u>50,000,000</u>	<u>25,000,000</u>
	612,852,394	562,852,394
Surplus in Profit and Loss Account	<u>28,302,658</u>	<u>25,502,196</u>
Total ..	<u>716,829,052</u>	<u>664,028,590</u>

EIMCO ELECON (INDIA) LIMITED
SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
SCHEDULE - 3		
SECURED LOANS		
S.B.I Anand		
Working Capital Demand Loan	100,000,000	-
Total ..	100,000,000	-
SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	60,164,930	64,025,965
Sales Tax Deferment Account - Wind Mill	1,926,852	3,759,189
UTI Bank Limited	20,000,000	-
IDBI Bank Limited	30,000,000	-
BNP Paribas Bank Limited	20,000,000	-
HDFC Bank Limited	50,000,000	-
Total ..	182,091,782	67,785,154

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)												
SCHEDULE - 5												
FIXED ASSETS												
ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK			
	As at 1st April 2003	Additions during the year	Deduction during the year	As at 31st March 2004	As at 1st April 2003	For the year	On Deduction/ Adjust- ment	As at 31st March 2004	As at 31st March 2003	Rupees	Rupees	Rupees
Freehold Land	1,573,978	9,419,938		10,993,916	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	1,573,978
Buildings	19,737,386	11,110,340		30,847,726	12,571,006	763,604	13,334,610	17,513,116	7,166,380			7,166,380
Plant & Machinery	387,029,613	96,473,391	2,361,170	481,141,834	171,741,784	38,382,300	208,639,378	272,502,456	215,287,829			215,287,829
Plant & Machinery (Leased)	10,000,000	73,927,218		83,927,218	7,755,000	3,918,030	11,673,030	72,254,188	2,245,000			2,245,000
Electric Fittings	2,858,199	1,482,495		4,340,694	2,452,117	171,738	2,623,855	1,716,839	406,081			406,081
Office Equipment and Airconditioners	8,135,678	461,244		8,596,922	4,130,157	602,805	4,732,962	3,863,960	4,005,522			4,005,522
Furniture and Fixtures	5,681,076	10,167,907		15,848,983	4,121,683	1,349,607	5,471,290	10,377,693	1,559,393			1,559,393
Vehicles	9,697,329	2,035,523	3,149,923	8,582,929	4,731,554	1,274,708	4,214,091	4,368,838	4,965,775			4,965,775
TOTAL	444,713,259	205,078,056	5,511,093	644,280,222	207,503,301	46,462,792	250,689,216	393,591,006	237,209,958			237,209,958
Previous Year	422,083,380	36,983,665	14,353,786	444,713,259	174,404,418	40,223,627	207,503,301	3,754,026	20,726,472			20,726,472
Capital Work-in-Progress								397,345,032	257,936,430			257,936,430

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 6	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
INVESTMENTS (AT COST)		
(Long term, unless otherwise stated)		
Trade Investments:		
— 249500 Equity Shares(249500) of Rs.10 each fully paid of Wizard Fincap Ltd (Unquoted)	2,495,000	2,495,000
— 570000 Equity Shares(570000) of Rs.10 each fully paid of Power Build Elecon Gears Ltd.(Unquoted)	5,700,000	5,700,000
Other Investments :		
— 700 Equity Shares of Rs.10 each fully paid of Bank of Baroda (Quoted -Market Value Rs.169,890)	59,500	59,500
— 6.75% Tax free 19900 Bonds in US-64 Scheme of Unit Trust of India (Quoted -Market Value Rs.2,149,200)	1,990,000	2,919,000
— Charotar Gas Sahakari Mandali	2,525	-
	10,247,025	11,173,500
Less Provision for Diminution in value	-	929,000
	10,247,025	10,244,500
Aggregate amount of Quoted investment [Market value Rs.2,319,090/-(Rs.1,275,220/-)]	2,049,500	2,049,500
Aggregate amount of Unquoted investment	8,197,525	8,195,000
Total	10,247,025	10,244,500

EIMCO ELECON (INDIA) LIMITED

SCHEDULE - 7

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.) CURRENT ASSETS, LOANS AND ADVANCES

	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
A. CURRENT ASSETS		
Inventories (As certified by a Director) (Valued at cost or realisable value whichever is lower)		
Stock and Stores	1,434,676	2,869,353
Raw Materials	17,316,079	27,484,664
Spares and Components	189,012,037	156,020,844
Work in progress	25,574,592	29,374,627
Finished Goods	4,015,062	2,971,609
Goods in transit		4,183,465
	<u>237,352,446</u>	<u>222,904,562</u>
Sundry Debtors (Unsecured considered good)		
Exceeding six months	31,646,481	13,761,124
Other Debts	228,740,804	306,905,908
	<u>260,387,285</u>	<u>320,667,032</u>
Cash and Bank Balance		
Cash on Hand	107,920	125,918
With Scheduled Banks		
In Current Accounts	80,818,965	70,221,868
On Short Term Deposit Account	64,000,000	20,344,988
	<u>144,818,965</u>	<u>90,566,856</u>
With Non-Scheduled Banks		
With Karamsad Urban Co-op.Bank Ltd. [Maximum during the year Rs.1,382 (Rs.1,382)]	1,382	
	<u>1,382</u>	<u>1,382</u>
	<u>144,928,267</u>	<u>90,694,156</u>
B. LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	234,516,313	27,812,630
Balance with Excise, Customs Authorities	5,830,987	5,496,533
Advance Tax (Net of Provisions)	6,576,192	4,258,940
	<u>246,923,492</u>	<u>37,568,103</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 8	Rupees	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Acceptances		-	20,508,900
Sundry Creditors			
Small Scale Industrial Undertaking	11,178,620		5,759,212
Others	157,629,134		59,987,875
		168,807,754	65,747,087
Unclaimed dividend		1,101,640	1,049,241
Unclaimed Deposits		115,725	115,725
		170,025,119	87,420,953
Provisions			
Proposed Dividend (including tax on dividend)		21,474,616	21,474,616
Provision for Leave Encashment		4,009,094	3,413,293
		25,483,710	24,887,909
 SCHEDULE - 9			
SALES AND OTHER INCOME			
Sales		838,538,464	821,084,601
Other Income		11,212,231	8,392,840
Excess provision written back (for diminution in value of investment)			774,280
Interest			
On Deposits (Tax deducted at source Rs.24,90,872 previous year Rs.13,11,617)		12,073,457	5,984,768
Commission		7,697,632	182,914
Dividend on Non-Trade Investments (Tax deducted at source Rs.Nil previous year Rs. Nil)		4,900	92,140
Refund of Sales Tax		45,829	378,502
Sundry Creditors written off		58,775	-
		869,631,288	836,890,045

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS(CONTD) SCHEDULE - 10

	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
MANUFACTURING AND OTHER EXPENSES		
Consumption of Raw Material, Spares & Components	453,134,945	461,130,194
Machining and Labour Charges	28,375,998	28,930,146
Consumption of Stores	9,315,066	9,046,251
Power and Lighting (Net of W.T.G. Income Rs. 6,164,156 (Rs. 5,819,728))	705,307	2,560,552
Machinery rent		2,400
Repairs & Maintenance		
Plant and Machinery	1,181,980	2,914,317
Building	839,412	1,297,373
Others	3,220,953	3,152,293
Computer	4,208,926	3,683,703
	9,451,271	11,047,686
Employee Remuneration		
Salaries, Wages and Bonus	28,209,982	27,764,480
Contribution to Provident and other Funds	2,111,397	1,918,425
Contribution to Gratuity Fund	1,268,547	1,321,305
Contribution to Superannuation Fund	1,658,955	1,011,377
Workers and Staff Welfare	2,042,544	1,677,753
	35,291,425	33,693,340
Insurance	3,375,403	3,149,081
Rates and Taxes	1,184,841	1,671,791
Central Excise borne by us	721,313	320,427
Provision for excise duty on finished goods at factory	143,925	42,619
Rent	862,300	787,800
Freight	2,529,584	4,651,437
Compensation to distributors	98,443,775	82,496,186
Computer Expense	663,283	1,440,186
Travelling and Conveyance	9,201,716	7,821,106
Technical Know-how Fees	—	1,018,780
Royalty	—	473,670
Advertisement	2,184,250	693,419
Directors Fees	95,000	135,000
Auditors Remuneration		
Audit Fees	129,600	96,900
Fees for certification work	3,000	7,750
Tax Audit Fees	27,000	18,630
Reimbursement of out of pocket expense	81,918	72,207
	241,518	195,487
Lease Rent	2,143,740	2,120,450
Bank charges	3,960,611	5,270,672
Loss on sale of investment		651,142
Interest		
On Loans for fixed period	6,899,227	7,596,483
Other (including on deferred payment)	5,636,441	2,943,919
	12,535,668	10,540,402
Bad Debts written off	2,806,745	7,040,520
Loss on sale of assets	431,291	2,194,582
LD charges	4,098,133	5,226,573
(Increase)/Decrease in stock		
Opening Stock - Finished Goods	2,971,609	1,319,534
Work in progress	29,374,627	40,033,492
	32,346,236	41,353,026
Less: Closing Stock - Finished Goods	4,015,062	2,971,609
Work in progress	25,574,592	29,374,627
	29,589,654	32,346,236
	2,756,582	9,006,790
	684,653,690	693,358,689

SCHEDULES FORMING PART OF THE ACCOUNTS(CONTD)

	As on 31.3.2004 Rupees	As on 31.3.2003 Rupees
SCHEDULE - 11		
Miscellaneous Expenses		
Donation	3,518,750	2,520,200
Professional Fees	2,672,832	3,894,142
Works & Office Expenses	2,015,855	1,370,626
Loss on foreign Exchange	192,229	3,394,731
Miscellaneous Labour Charges	3,703,077	3,577,799
E.mail & Internet Expenses	1,378,032	1,457,825
Investment written off	-	12,000
Others	4,099,157	6,176,074
	<u>17,579,932</u>	<u>22,403,397</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

[A] BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention and comply with accounting principles, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956.

[B] FIXED ASSETS AND DEPRECIATION

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

Depreciation has been provided on the straight-line method over the useful life of the assets as under :

Plant & Machinery 10 years

Leased Assets 10 years

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

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

[C] INVESTMENTS

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

[D] INVENTORIES

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

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

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

[E] REVENUE RECOGNITION

Sales are recorded net of excise duty, sales tax and trade discount.

All the items of expenses and income are accounted on accrual basis, except insurance claims & commission received which are accounted on cash basis.

Operating Lease

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

[F] RETIREMENT BENEFITS

[I] The company has various schemes of retirement benefits such as provident fund, superannuation and gratuity recognised by income-tax authorities. The Company's contributions are charged against revenue each year. The gratuity liability is determined based on percentage of the annual wage bill specified by Life Insurance Corporation of India under the Group Gratuity Scheme. Liability in respect of Superannuation benefits extended to certain employees is contributed by the company to Life Insurance Corporation of India against a Master Policy.

[II] Voluntary Retirement Scheme

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

[III] Unutilised leave

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

[G] EXCISE DUTY

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

[H] FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. However where Forward Exchange Contracts are entered in to, the forward rates specified in the related Forward Exchange Contracts have been used as the basis of measuring and reporting the transactions.

Current assets and current liabilities are translated at year end exchange rates. The resulting gains and losses are appropriately recognised in the Profit and Loss account. Gains or Losses on settlement, in a subsequent period of transactions (other than Fixed Assets) entered in to in an earlier period are credited or charged to Profit and Loss account. Exchange differences related to fixed assets are adjusted in the cost of the asset.

[I] DEFERRED TAX

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

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

<u>DEFERRED TAX : (F.Y. 2003-2004)</u>	Current Year Rupees	Previous Year Rupees
<u>DEFERRED TAX ASSETS:</u>		
VOLUNTARY RETIREMENT COMPENSATION	-	159,268
PROVISION FOR LEAVE ENCASHMENT	213,714	360,712
TECHNICAL KNOW-HOW FEES	-	327,601
	<u>213,714</u>	<u>847,581</u>
<u>DEFERRED TAX LIABILITY:</u>		
EXCESS OF CURRENT YEAR DEPRECIATION AS PER IT OVER DEPRECIATION AS PER COMPANIES ACT	6,374,472	125,704
REVERSAL OF VOLUNTARY RETIREMENT COMPENSATION OF PREVIOUS YEARS	700,948	678,327
PROVISION FOR LEAVE ENCASHMENT	-	254,328
	<u>7,075,420</u>	<u>1,058,359</u>
NET DEFERRED TAX LIABILITY	<u>6,861,706</u>	<u>210,778</u>

EIMCO ELECON (INDIA) LIMITED

[J] I INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS						
PARTICULARS	Current year		Previous Year		TRADING ACTIVITIES	TOTAL
	MINING MACHINERY & SPARES	TRADING ACTIVITIES	MINING MACHINERY & SPARES	TRADING ACTIVITIES		
External Sales	869,415,684	215,604	869,631,288	810,788,005	26,102,040	836,890,045
Segment results	133,547,206	-76,664	133,470,542	87,393,459	3,509,547	90,903,006
Less : Interest (Net)	12,535,668		12,535,668	10,540,402		10,540,402
Other common expenses						
Extraordinary Expenses						
Total (loss)/profit before tax	121,011,538	-76,664	120,934,874	76,853,057	3,509,547	80,362,604
Capital employed (Segment assets less Segment liabilities)						
Segment assets	1,296,592,540	591,007	1,297,183,547	938,773,421	1,241,363	940,014,784
Add: Common Assets						
Total Assets	1,296,592,540	591,007	1,297,183,547	938,773,421	1,241,363	940,014,784
Segment liabilities	477,600,611		477,600,611	112,308,862		112,308,862
Add: Common Liabilities						
Total Liabilities	477,600,611		477,600,611	112,308,862		112,308,862
Segment Capital employed	818,991,929	591,007	819,582,936	826,464,559	1,241,363	827,705,922
Add: Common Capital Employed						
Total capital employed	818,991,929	591,007	819,582,936	826,464,559	1,241,363	827,705,922
Capital expenditure	205,078,056		205,078,056	57,710,137		57,710,137
Add: Common capital expenditure						
Total capital expenditure	205,078,056	-	205,078,056	57,710,137		57,710,137
Depreciation	46,462,792		46,462,792	40,223,627		40,223,627
Add: Common depreciation						
Total depreciation	46,462,792		46,462,792	40,223,627		40,223,627
Non cash expenses	-		-	-		-
Add : Common non cash expenditure						
Total non Cash expenditure	-		-	-		-
II INFORMATION ABOUT SECONDARY BUSINESS SEGMENTS						
	Current Year		Previous Year		TOTAL	
	INDIA	OUTSIDE INDIA	INDIA	OUTSIDE INDIA	INDIA	TOTAL
REVENUES BY GEOGRAPHICAL MARKET						
External Sales	857,630,443	12,000,845	869,631,288	835,613,931	1,276,114	836,890,045
SEGMENT ASSETS	1,297,183,547	-	1,297,183,547	940,014,784	-	940,014,784

[K]	<p>1. EARNINGS PER SHARE</p> <p>Basic Earnings Per Share</p> <p>Diluted Earnings Per Share</p> <p>Nominal value per share</p>	<p>Current Year</p> <p>12.88</p> <p>12.88</p> <p>Rs.10</p>	<p>Previous Year</p> <p>8.62</p> <p>8.62</p> <p>Rs.10</p>
2.	<p>[i] Working Capital Demand Loan from State Bank Of India is secured by a first charge on the whole of Inventories, receivables and on whole of immovable properties and Plant & Machinery.</p>		
3.	<p>Sales Tax Deferment Accounts</p> <p>[i] Rs.1,926,852 (Rs.3,759,189) being Sales tax deferment received on account of Windmills.</p>		<p>Previous Year</p>
4.	<p>Contingent liabilities not provided for</p> <p>[i] Guarantees issued by Banks</p> <p>[ii] L/C opened but goods yet to be received</p> <p>[iii] Corporate guarantees given</p> <p>[iv] Incometax Demand disputed by the Company</p> <p>[v] Notified Area Tax</p>	<p>Rupees</p> <p>107,909,280</p> <p>48,529,967</p> <p>12,500,000</p> <p>1,957,468</p> <p>2,186,832</p>	<p>Rupees</p> <p>78,753,465</p> <p>51,274,875</p> <p>12,500,000</p> <p>-</p> <p>1,941,455</p>
5.	<p>[i] The company has supplied 4 Nos. of CTX4BEA machines to Singareni Collieries Co. Ltd. (SCCL) in the previous year. The majority of the components of these machines were imported under Project Import and as per the purchase order, the difference between the normal customs duty and concessional customs duty as applicable to Project Imports should be passed on to the customer. The company has duly complied with this provision of the purchase order and passed on the entire customs duty benefit under the project import to SCCL. However, SCCL has withheld an amount of Rs.92,17,500/- against modvat and excise duty and sales tax from the dues payable to the company. As provided in the Contract the company has initiated arbitration proceedings against SCCL for the amount withheld.</p> <p>In relation to the above Purchase Order, the company preferred a claim amounting to Rs.1,36,97,478.29 on SCCL towards exchange fluctuation in respect of actual payment made by the company to its foreign suppliers for the supply of components used in the manufacture of CTX4BEA machines. This claim has been raised in accordance with the provisions of the Purchase order, which however, has been rejected by SCCL. As provided in the Contract the company has initiated Arbitration proceedings against SCCL for the claim of Rs.1,36,97,478.29.</p> <p>[ii] The Gujarat Sales Tax Dept. has raised a demand of Rs.3,04,37,143 on the Company towards interest on sales tax deferment in respect of Windmills which were destroyed in a cyclone in 1998. The company has obtained a stay order from the Gujarat High Court of the recovery proceedings initiated by the Sales Tax Dept.</p>		
6	<p>(A) RELATED PARTY DISCLOSURE FOR THE YEAR ENDING 31-03-04</p> <p>[i] Associate :</p> <p style="margin-left: 20px;">Elecon Engineering Company Ltd</p> <p style="margin-left: 20px;">Wizard FinCap Ltd</p> <p style="margin-left: 20px;">Power Build Elecon Gear Ltd</p> <p>[ii] Enterprise indirectly controlled :</p> <p style="margin-left: 20px;">Emtici Engineering Ltd</p> <p style="margin-left: 20px;">VVN Mfg. & Investa Ltd</p> <p style="margin-left: 20px;">Power Build Ltd</p> <p style="margin-left: 20px;">Bhatru Holding Pvt. Ltd</p> <p style="margin-left: 20px;">Narmada Travel Services Ltd</p> <p style="margin-left: 20px;">Elecon Information Technology Ltd</p> <p style="margin-left: 20px;">Akkaish Mechatronics Ltd</p> <p>[iii] Collaborators :</p> <p style="margin-left: 20px;">Sandvik Tamrock-France</p> <p style="margin-left: 20px;">Sandvik Asia Ltd-Pune</p> <p style="margin-left: 20px;">Sandvik SMC Distribution-Singapore</p> <p style="margin-left: 20px;">Eimco Great Britain-UK</p> <p style="margin-left: 20px;">Drilltech Mission Inc-USA</p>		

EIMCO ELECON (INDIA) LIMITED

PARTICULARS

NATURE OF RELATIONSHIP	ASSOCIATE		ENTERPREISE INDIRECTLY CONTROLLED		COLLABORATORS		GRAND TOTAL	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
SALES	1,195,284	2,001,299		811,912			1,195,284	2,813,211
PURCHASES	5,878,497	6,179,447	41,157,621	30,475,607	5,265,801	94,149,165	52,301,919	130,804,219
PROVI./RECEIPT OF MGT/OTH SERV.	10,519,487	2,972,259	110,123,042	91,413,467		129,316	120,642,529	94,515,042
LOANS GIVEN	282,000,000	16,600,000	11,800,000	10,000,000			293,800,000	26,600,000
LOANS TAKEN								
SALES OF FIXED ASSETS.		22,500		6,000				28,500
PURCHASE OF FIXED ASSETS		10,661,455	5,221,000	377,000			5,221,000	11,038,455
RENT INCOME		2,970,324		11,297				2,981,621
RENT EXPENSES	2,939,740	588,708	8,400	8,400			2,948,140	597,108
ASSETS LEASE EXP		2,926,506		2,080,372				5,006,878
ASSETS LEASE INCOME	4,372,711		250,432	915,840			4,623,143	915,840
GUARANTEE GIVEN/TAKEN		12,500,000						12,500,000
ROYALTY						473,670		473,670
TECHNICAL KNOWHOW FEES						1,018,780		1,018,780
PROVISION FOR DOUBTFUL/BAD DEBTS								
BALANCE O/S AT THE YEAR END	214,603,263	851,714	35,473,239	9,984,043	82,281	2,307,436	250,158,783	13,143,193

6 (B) Disclosure of Loans & Advances to Associates/Companies in which Directors are interested

	Current Year		Previous Year	
	Amount outstanding as on 31.03.2004	Maximum amount outstanding during the year	Amount outstanding as on 31.03.2003	Maximum amount outstanding during the year
Elecon Engineering Company Ltd.	205,600,000	205,600,000		29,200,000
Prayas Casting Ltd.		2,000,000	2,000,000	8,000,000
Wizard Fincap Ltd.	1,000,000	1,000,000		1,700,000
Power Build Ltd.	5,000,000	13,500,000		
Power Build Elecon Gears Ltd.	2,500,000	6,000,000		
Ringspann Elecon (I) Ltd.	1,300,000	1,300,000		
Elecon Information Technology Ltd.				1,000,000
As at the year end, the company				
a) has no Subsidiaries				
b) has no loans, wherein there is no repayment schedule or repayment is beyond seven years				

		Rupees	Previous Year Rupees
7	Computation of Net Profit in accordance with Sec. 349 read with Sec. 309(5) & Sec. 198 of the Companies Act, 1956 for Managerial Remuneration. Net Profit as per Profit and Loss Account	76,073,168	49,651,826
Add: [i]	Depreciation as provided in books	46,462,792	40,223,627
[ii]	Provision for Taxation	38,000,000	30,500,000
[iii]	Provision for Deferred Taxation	6,861,706	210,778
[iii]	Whole-time Director's remuneration	2,034,740	2,389,753
[iv]	Managing Director's remuneration	5,333,852	4,396,850
[v]	Directors' Fees	95,000	135,000
[vi]	Loss on sale of Fixed Assets	431,291	2,194,582
[vii]	Provision for Diminution in value of investments	-	-
		175,292,549	129,702,416
Less :			
[i]	Profit on sale of Fixed Assets as per Profit and Loss A/c	-	-
[ii]	Excess provision written back	58,775	774,280
		175,233,774	128,928,136
Less :			
[i]	Depreciation as per Section 350 of the Companies Act, 1956	46,462,792	40,223,627
Add: [i]	Profit/Loss on sale of Fixed Assets as per Section 350.	-	-
	Net Profit	128,770,982	88,704,509
	Commission to Wholetime Director @ 1% on Rs.128,770,982/- ie. Rs. 1,287,709/- but restricted to 50% of salary	540,000	630,000
	Commission to Managing Director provided as per rules	2,150,000	-

EIMCO ELECON (INDIA) LIMITED

8 Licensed & installed capacity & production

Class of Products.		Licensed Capacity	Installed Capacity*	Actual Production	Previous Year		
					Licensed Capacity	Installed Capacity	Actual Production
I	Tunnelling Loaders with various attachments other than Road Headers	Nos. 400	300	119	300	225	108
II	Drilling & Roof Bolting Jumbo for mining	Nos. 55	30	—	55	30	—
III	Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	Nos. 50	30	—	50	30	—
IV	Air Motors	Nos. 500	300	86**	500	300	107**
V	Spares for above	1400 lacs	2500 lacs	4,409.81 (sales value)	1400 lacs	2500 lacs	4,290.57 (sales value)
VI	Hydraulic Cylinders	Nos. 3000	2000	1030***	3000	2000	1065***
VII	Blasthole & Water well drilling rigs	Nos. 50	10		50	10	1

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

** Includes 28 (25) numbers for captive consumption.

*** Includes 634 (572) numbers for captive consumption.

9 Stock

	Previous Year							
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Nos.	Value	Nos.	Value	Nos.	Value	Nos.	Value
I	—	—	—	—	—	—	—	—
II	—	—	—	—	—	—	—	—
III	—	—	—	—	—	—	—	—
IV	1	23,705	—	—	3	72,261	1	23,705
V	—	156,020,844	—	232,480,419	—	181,956,246	—	156,020,844
VI	158	2,947,904	235	3,437,351	103	1,247,273	158	2,947,904

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

10 Turnover

	Nos.	Value Rupees	Previous Year	
			Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	119	389,842,969	106	378,038,744
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	—	—	—	—
III Air Motors	59	3,248,457	84	3,776,945
IV Spares for above		440,981,371	—	420,475,029
V Hydraulic Cylinders	319	4,465,667	434	6,493,883
VI Blasthole & Water well drilling rigs			1	12,300,000
Note: Sales includes stock writtenoff		838,538,464		821,084,601

	Quantity	Value Rupees	Previous Year	
			Quantity	Value Rupees
11 Consumption of Raw Material Spares & Components :				
Casting	Nos. 13680	10,412,841	19372	12,664,371
Forgings	Nos. 1633	1,957,967	2207	1,578,352
Bearings	Nos. 13814	7,847,883	17882	8,472,513
Round Bars and Plates	Tons 1470	21,437,906	1820	24,302,273
Other Raw Materials, Spares & Components		411,478,348		414,112,685
		453,134,945		461,130,194

	Value Rupees	% of Total	Previous Year	
			Value Rupees	% of Total
12 Value of raw materials, spares and components consumed				
Imported	259,489,727	57	205,509,027	45
Indigenous	193,645,218	43	255,621,167	55
	453,134,945	100	461,130,194	100

13 Value of Stores Consumed :				
Imported	—		—	
Indigenous	9,315,066	100	9,046,251	100

14 CIF value of Imports in respect of :				
Components and spares	195,951,076		186,414,389	
Capital Goods	123,023,784		22,212,310	

EIMCO ELECON (INDIA) LIMITED

	Rupees	Previous Year
15		
Earning in Foreign exchange on account of exports calculated on FOB basis :		
Sales	4,303,213	1,276,113
Commission	7,697,632	182,914
16		
Expenditure in Foreign currency :		
Travelling	4,445,472	2,195,873
Interest	-	1,717,132
Others	-	5,008,331
17		
Amount remitted during the year in foreign currency on account of dividend :		
Number of Non-resident shareholders	1	1
Number of shares held on which dividend was due	1,447,875	1,447,875
Year to which dividend relates	<u>2002-03</u>	<u>2001-02</u>
Amount remitted (net of tax)	4,777,988	4,061,290
18		
INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE		
Lease Rent outstanding as on 31 st March 2004 payable as under		
Not later than one year	1,160,000	720,000
Later than one year not later than five years	-	1,440,000
Later than five years	-	-
INFORMATION REGARDING ASSETS GIVEN ON OPERATING LEASE		
Lease Rent outstanding as on 31 st March 2004 Receivable as under		
Not later than one year	621,600	13,200
Later than one year not later than five years	981,500	18,700
Later than five years	-	-
19		
Total Outstanding Dues of Small Scale Industrial Undertaking. (Refer Aneexure 1)	11,178,620	5,759,212
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking	157,629,134	81,661,741
A small scale industrial undertaking has the same meaning as assigned to it under clause(j) of section 3 of the Industries (Devlopment and Regulation) Act, 1951.		
20		
Figures of the previous year have been shown in brackets.		
21		
Figures of the Previous Year have been regrouped wherever necessary to confirm to current year's classifications.		

Annexure 1

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

Sr. No.	Vendor Name	Amount (Rs.)
1	K.B.ENGINEERS PVT. LTD.	13,396.70
2	MINE LINE PVT LTD.	510,389.13
3	AIR TOOLS INDUSTRIES	565,762.38
4	RAJ ENGINEERING WORKS	872,563.55
5	PRITESH INDUSTRIES	545,257.35
6	ENGINEMATES HEAT TRANSFER	221,495.00
7	SPECTRAM ENGINEERS	128,757.60
8	METAL TREAT INDUSTRIES	100,933.10
9	BHAGWATI FILTERS PVT. LTD.	382,976.00
10	MACHINE TOOLS ENGINEERING	338,465.25
11	SEJAL ENGINEERING COMPANY	4,329.00
12	MICRO SYSTEM	107,812.40
13	BARODA CAP LINERS	47,159.27
14	UNIVERSAL GASKET MFG.CO.	82,607.95
15	VIN-FAB INDUSTRIES	131,533.40
16	MICROFINE PRODUCT	47,813.00
17	INDTECH ENGINEERS	37,230.23
18	TORK FASTNERS (I) PVT.LTD.	23,678.32
19	BALAJI METAL LABEL INDUSTRY	31,944.00
20	BOMBAY METAL & STEEL TRADERS	189,980.00
21	SAFEX (INDIA)	1,564,000.11
22	MULTI METALS	3,870.00
23	SHREE ENGINEERING WORKS	209,999.18
24	KENT INDUSTRIES	111,317.00
25	LUCKY STEEL INDUSTRIES	32,144.61
26	NILKANTH ENGG.WORKS	60,708.05
27	HYDRO DYNE INDUSTRIES	1,664.33
28	INDUSTRIAL ENTERPRISES	58,221.50
29	W.I.HEAT TREATERS & CONSULT.	2,664.00
30	MODERN ENGG.& SPRING CO.	16,132.00
31	EKO RUBBER INDUSTRIES	1,560.00
32	SHREE NATHJI ENGG.CO.	23,706.00
33	UNIVERSAL OIL SEAL MFG.CO.PVT.LTD.	585.31
34	AKVIM INDUSTRIES	2,076.00
35	HY-TECH ENGG. PVT.LTD.	11,821.99
36	HI-TECH ENGINEERS	110,246.40
37	HELI-FLEX HYD. & ENG. CO.	216,510.00
38	HYDAC INDIA PVT.LTD.	725,186.69
39	INDO FOREIGN H/W STORES	2,371.12
	Total	7,538,867.92

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.) SCHEDULE-13

21 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0 2 5 7 4

State Code 0 4

Balance Sheet Date

3 1 - 0 3 - 2 0 0 4

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

Public issue

0 0 0 0 N I L

Rights issue

0 0 0 0 N I L

Bonus issue

0 0 0 0 N I L

Private placement

0 0 0 0 N I L

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

Total Liabilities

1 3 0 0 2 8 0

Total Assets

1 3 0 0 2 8 0

Sources of Funds

Paid-up Capital

0 5 7 6 8 3

Reserve & Surplus

0 7 1 6 8 2 9

Secured Loans

0 1 0 0 0 0 0

Un secured Loans

0 1 8 2 0 9 1

Application of Funds

Net Fixed Assets

0 3 9 7 3 4 5

Investments

0 0 1 0 2 4 7

Net Current Assets

0 6 9 4 0 8 2

Misc. Expenditure

0 0 0 0 N I L

Accumulated Losses

0 0 0 0 N I L

Deferred Tax Liability

0 0 4 8 1 6 6

Deferred Tax Asset

0 0 0 3 0 9 6

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

Turnover

0 8 6 9 6 3 1

Total Expenditure

0 7 4 8 6 9 6

Profit/Loss Before Tax

0 1 2 0 9 3 4

Profit/Loss After Tax

0 0 7 4 2 7 5

Earnings per Shares

0 0 1 2 . 8 8

Dividend Rate

0 0 0 0 3 3 %

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

Item Code No. (ITC Code)

8 4 3 0 2 0 . 0 0

Side Dump Loaders (SDL)

8 4 3 0 5 0 . 0 1

Load Haul Dumpers (LHD)

8 4 3 0 6 9 . 0 0

Blast hole & water well drilling rigs

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

UMESH H.TALATI
Partner

N.D. Shelat
Company Secretary

For and on behalf of the Board
B.I.PATEL Chairman & Managing
Director

H.S.PARIKH Director

Ahmedabad
23rd April, 2004

Vallabh Vidyanagar
23rd April, 2004

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2004

A CASH FLOW FROM OPERATING ACTIVITIES	AMOUNT RS. 31.03.2004	AMOUNT RS. 31.03.2003
Net profit before Interest, Tax and extra ordinary items	133,901,833	93,639,316
Adjustment for :		
1. Depreciation/misc. expenses written off	46,462,792	40,223,636
2. Foreign Exchange	-	-
3. Dividend	4,900	-92,140
4. Interest	-12,073,457	-5,984,768
Operating profit before working capital change	168,296,068	127,786,044
Adjustments for :		
Trade and other receivables	-146,503,407	-49,490,674
Inventories	-14,447,884	31,446,432
Trade Payables	78,724,983	27,594,801
	-82,226,308	9,550,559
Cash generated from operations	86,069,760	137,336,603
Interest paid	8,060,684	10,540,402
Direct Taxes paid	42,115,342	22,438,489
	50,176,026	32,978,891
Cash Flow before extra ordinary items	35,893,734	104,357,712
Extra ordinary items	-	-541,728
NET CASH FROM OPERATIONS	35,893,734	103,815,984
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of fixed assets	188,105,610	57,604,135
Sale of fixed assets	-1,802,925	-5,034,460
Acquisition of companies	-	-
Purchase of Investments	2,525	603,505
Sale of Investments	-	-
Interest Received	-11,818,475	-5,984,768
Dividend received	4,900	-92,140
NET CASH USED IN INVESTING ACTIVITIES	174,491,635	47,096,272

EIMCO ELECON (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2004(Contd.)

	AMOUNT RS. 31.03.2004	AMOUNT RS. 31.03.2003
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long term borrowings	-	-
Repayment of finance lease liabilities	-	-
Dividend Paid	-21,474,616	-21,474,616
Increase in borrowing for working capital	214,306,627	-1,942,772
NET CASH USED IN FINANCING ACTIVITIES	192,832,011	-23,417,388
NET INCREASE IN CASH OR CASH EQUIVALENTS	54,234,111	33,302,324
CASH OR CASH EQUIVALENTS AS AT 01-04-2003 (Opening balance)	90,694,156	57,391,832
CASH OR CASH EQUIVALENTS AS AT 31-03-2004 (Closing balance)	144,928,267	90,694,156

For and on behalf of the Board
B.I.PATEL Chairman & Managing
Director

N.D. Shelat
Company Secretary

H.S.PARIKH Director

Vallabh Vidyanagar
23rd April, 2004

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Eimco Elecon (India) Limited derived from the audited annual financial statements for the years ended March 31, 2004 and March 31, 2003, and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For TALATI & TALATI

Chartered Accountants
(UMESH H. TALATI)
Partner

Ahmedabad
23rd April, 2004

EIMCO ELECON (INDIA) LIIMITED

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

FOR MEMBERS' 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) LIIMITED

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 30th Annual General Meeting of the Company to be held on Friday, the 3rd September 2004, at 03.00 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this _____ day of _____ 2004

Sign : _____

LF No. _____ No. of Shares held _____
--

Affix 15 p. Revenue Stamp

This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the Proxy will act as 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.**