

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2004-2005**

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

REGISTRAR & SHARE TRANSFER AGENTS

Mumbai Office

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

Vadodara Office

M/S Intime Spectrum Registry Ltd.
201, Sidcup Towers
Race Course
Vadodara-390007

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Wednesday, the 28th September, 2005 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 2005 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 Shri N.S. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri 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 a Special Resolution :

“RESOLVED THAT, pursuant to the provisions of section 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the limits laid down in Section 198 and 309 and read with Schedule xiii of the Companies Act, 1956, consent of the Company be and is hereby accorded for the re-appointment of Shri Bhanubhai I. Patel as Managing Director of the Company for a period of 3 years with effect from 1st September 2005 to 31st August 2008 on the terms and conditions, including those relating to remuneration, as set out under Serial No.1 of the Explanatory Statement annexed to this Notice.”

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

“RESOLVED THAT, subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as “the Board,” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent is hereby accorded to the Board to de-list the Company’s Equity Shares from The stock Exchange, Ahmedabad and Vadodara Stock Exchange Ltd.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard to comply with all statutory and procedural formalities and further to authorise any of its committees or any of its Directors or any of the Officers of the Company to do all such acts, deeds, or things to give effect to the aforesaid resolution.”

Registered office
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat-388120

Date: 15-6-2005

By order of the Board

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 6th September, 2005 to 10th September, 2005. (both days inclusive)
- C. The payment of dividend on equity shares as recommended by the directors for the Year ended 31st March, 2005 when declared at the meeting will be paid:
1. to those members whose names appear in the Register of Members of the Company on 6th September, 2005.
 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 5th September, 2005.

- 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.

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By order of the Board

Date: 15-6-2005

Nilesh D.Shelat
Company Secretary

ANNEXURE TO THE NOTICE

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

1. Item No.6.

Shri Bhanubhai I. Patel has been acting as the Managing Director of the Company since 1993. He was re-appointed as Managing Director for a period of 5 years with effect from 1st September 1997. He was again re-appointed with effect from 1-9-2002 for a period of three years at a remuneration of Rs.2,00,000 per month plus perquisites and commission as applicable under Section 198 and 309 of the Companies Act, 1956.

Shri Bhanubhai I. Patel is an Arts Graduate. He is one of the Promoters of the company. He is also Chairman-cum-Managing Director of Elecon Engineering Co. Ltd. He is an industrialist with wide management experience of over 50 years. The rapid and enviable growth of the company can be attributed to his farsightedness.

The Remuneration Committee of the Company at its Meeting held on 11-06-2005 and subsequently, the Board at its meeting held on 15-06-2005, subject to the approval of the Members, re-appointed Shri Bhanubhai I. Patel as the Managing Director of the Company with effect from 1st September, 2005, for a further period of three years.

Details of Shri Bhanubhai's other Directorships and Committee Memberships, are as follows:

Company	Position	Committee Memberships and Position
Elecon Engineering Co. Ltd	Chairman & Managing Director	
Kriti Industries (India) Ltd	Chairman	
Narmada Travels Ltd.	Chairman	
Power Build Ltd.	Chairman	
Ringspann Elecon (India) Ltd	Chairman	
Sir Shadi Lal Enterprises Ltd	Chairman	Remuneration Committee-Member
Power Build Elecon Gears Ltd.	Director	
PWH Materials Handling Limited	Director	

The terms and conditions of Shri Bhanubhai's re-appointment, including remuneration, are as follows:

Tenure:

For a period of three years with effect from 1st September, 2005 to 31st August 2008.

Remuneration:

(a) Salary : Rs.2,00,000/- per month.

(b) **Perquisites and allowances:**

(1) In addition to salary, the Managing Director shall be entitled to perquisites and allowance like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses or allowance for utilities such as gas, electricity, water furnishings and repairs, reimbursement of actual expenditure on medical treatment, club fees, leave travel concession Medical insurance and such other perquisites as may be determined by the Remuneration Committee subject to the overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

(2) Company's contribution to Provident Fund, Superannuation Fund, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and

encashment of earned leave at the end of tenure shall not be included in computation of perquisites.

- (3) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- (4) The Managing Director so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

(c) Commission:

In addition to the salary and perquisites payable, commission as may be decided by the remuneration committee at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

Shri Bhanubhai I.Patel is concerned or interested in the resolution as it relates to him.

Shri P.B. Patel & Shri P.M. Patel, Directors of the company, being relatives of Shri Bhanubhai I. Patel are interested or concerned in the resolution. None of other Directors is interested or concerned in the aforesaid resolution.

This explanation together with the accompanying notice may be treated as an abstract of the terms of re-appointment of Managing Director under Section 302 of the Companies Act, 1956.

Minimum Remuneration

Notwithstanding anything hereinabove, where in any financial year during the currency of Shri Bhanubhai's tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary & perquisites as Minimum remuneration as specified in schedule xiii of the Company's Act , 1956.

Approval of the shareholders under Section 269 read with Schedule xiii to the Companies Act, 1956, is required for appointment/re-appointment of a Managing Director and payment of remuneration to him. Hence, the Board of Directors commends Resolution No.6 for your approval.

GENERAL INFORMATION

The company is engaged in manufacturing of Mining Machinery for underground, open cast and metal mines. The company was incorporated on 31-7-1974 under the Companies Act, 1956 and obtained Commencement of Business Certificate on 4-3-1975. The Company's commercial production was started on 29-6-1977. At present 25.10% of equity shares of the company is held by Tamrock Great Britain Holding Ltd., a 100% subsidiary of Sandvik AB, Sweden.

During the last three financial years, company's total foreign exchange and net exchange earning were as under:

Year	Total earning in Foreign Exchange on account of export (Rs)	Total imports (Rs)	Net foreign Exchange earning/(outgo) (Rs)
2004-2005	2,713,757	370,356,866	(367,643,109)
2003-2004	12,000,845	318,974,860	(306,974,015)
2002-2003	1,459,027	208,626,699	(207,167,672)

During the last three years, the average sales & other income growth was 9% and net profit after tax growth was also 9%. The company expects to keep the same growth rate barring unforeseen circumstances.

At present the company is making profits, and Management has worked out strategies to meet the challenging situation, improving the order book and resultant turnover. With tight control on costs and overhead expenses, the company expects improvement in profitability.

It is observed that in medium size engineering company the remuneration being paid to Directors are in similar scale.

The company has not made any default in repayment of any debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceeding financial year before the date of appointment of such managerial person.

2. Item No.7.

The Equity Shares of the Company are currently listed on The stock Exchange, Mumbai (BSE) National Stock Exchange (NSE), The Stock Exchange, Ahmedabad (ASE) and Vadodara Stock Exchange (VSE).

The Shares of the Company have not been traded on the ASE and VSE since last many years. The annual recurring listing fees paid to ASE and VSE does not offer commensurate benefits to the Company and its investor. In the changed scenario of the nationwide trading facility set up by the BSE and NSE, the continued listing on ASE & VSE is not considered necessary.

The proposed voluntary de-listing of the Equity Shares of the Company from ASE & VSE will not adversely affect the investors and shareholders including those members located in the region where the ASE & VSE are situated. Pursuant to SEBI (Delisting of securities) guidelines 2003, it is now proposed to seek members' approval by way of a Special Resolution for the voluntary delisting of the Company's Equity share from the Stock Exchanges at Ahmedabad and Vadodara set

out in the Resolution at item 7 of the notice. In terms of the said guidelines, as the equity shares shall continue to remain listed on BSE & NSE, no exit option is required to be offered to the shareholders.

The proposed delisting is in the interest of the Company and the Board recommends the Resolution for the acceptance by the Members. None of the Directors of the Company is concerned or interested in the Resolution item No.7.

Registered office
Anand-Sojitra Road
Vallabh Vidyanagar
Gujarat-388120

By order of the Board

Date: 15-6-2005

Nilesh D.Shelat
Company Secretary

DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 31st Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2005.

1. FINANCIAL RESULTS

	31-03-2005 (Rs.)	31-03-2004 (Rs.)
Profit before Depreciation, & Provision for Taxation	199,235,744	167,397,666
Less: Depreciation	59,314,109	46,462,792
PROFIT BEFORE TAX	139,921,635	120,934,874
Less: Provision for Taxation and Deferred Tax	52,406,673	44,861,706
PROFIT AFTER TAX	87,514,962	76,073,168
Excess / Short provision for taxation for earlier year	-	(1,798,090)
	87,514,962	74,275,078
Add: Balance brought forward from last year	28,302,658	25,502,196
	115,817,620	99,777,274
APPROPRIATED AS		
Proposed DIVIDEND	20,189,348	19,035,671
Tax on distributed Profit	2,880,336	2,438,945
Transfer to General Reserve	70,000,000	50,000,000
Balance Carried Forward	22,747,936	28,302,658
TOTAL	115,817,620	99,777,274

2. PERFORMANCE

During the year under review, the Company has achieved the highest ever turnover of Rs.1008.20 million (previous year 869.63 million). The net profit stood at Rs.87.51 million (previous year Rs76.07 million).

3. DIVIDEND

Your directors recommend for your consideration a dividend of 35% for the year ended 31st March, 2005.

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 2005.

6. DIRECTORS

Shri N.S.Patel and Shri 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.

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 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

Place : Mumbai
Date : 15-6-2005

B.I. PATEL
CHAIRMAN

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 2005.

(A) Names 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. B.I. Patel	77	B.A.	1-9-1993	Chairman & Managing Director	Overall Management	64,55,295	38,77,643	58	Elecon Engineering Co. Ltd. Chairman & Managing Director
2.	Mr. A.M Deshpande	55	BE(Mechanical) ME(Machine Design)	10-10-2003	Chief Executive Officer	Overall Management	26,16,560	15,83,560	32	L&T Case Equipment Pvt.Ltd Sr.Deputy General Manager Engineering.

Notes:

1. The appointment of Shri B.I. Patel is contractual.
2. Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid Medical Expenses, Company’s contribution to Provident Fund, Superannuation and Gratuity Fund, Retirement Benefits, monetary value of perquisites in accordance with the provision of the Income Tax Act, 1961.
3. Experience includes number of years service elsewhere.
4. 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, 2005.

[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 it 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 3,229,699
 - 3. Total R & D expenditure
- Percentage of total turnover : 0.32%

[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 one Collaboration Agreement in 2004 as mentioned below:

Agreement dated 2-7-2004 with Voest-Alpine Bergtechnik Ges.m.b.H., Austria for manufacture of ACM-10-continuous miner.

[b] Whether technology fully absorbed:

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

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs 732,650 and continues to make efforts to push up exports. The Company has also earned commission to the extent of Rs.1,981,107.

2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs.379,548,065	Rs 2,713,757

For and on behalf of the Board

B.I. PATEL
CHAIRMAN

Place : Mumbai
Date : 15-6-2005

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 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 2004-2005, 7 Board Meetings were held i.e. on

12th April 2004
 23rd April 2004
 27th May 2004
 24th July 2004
 23rd October 2004
 22nd January 2005
 29th January 2005

Sr. No	Name of the Director	Category of Director-ship	No. of Board Meetings attended out of 7 held	Attendance at last AGM held on 3 rd Sep.04	No. of other Director-ships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public Chairman	
						Member	companies
1.	Mr. B.I. Patel	CMD-P	7	Yes	8	1	Nil
2.	Mr. P.B. Patel	NED-P	5	Yes	12	Nil	Nil
3.	Mr. H.S. Parikh	NED (I)	4	Yes	4	5	3
4.	Mr. P.M. Patel	NED (I)	3	No	3	6	1
5.	Mr. N.S. Patel	NED (I)	5	No	1	Nil	Nil
6.	Mr. Hans Gass	NED (I)	2	No	Nil	Nil	Nil
7.	Mr. Werner Kraher	NED (I)	1	No	Nil	Nil	Nil
8.	Mr.Haken Kingstedt	NED (I)	1	No	2	Nil	Nil

CMD : Chairman & Managing 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 CEO, 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		
	18 th April 2004	23 rd October 2004	22 nd January 2005
Mr. H.S. Parikh	Yes	Yes	Yes
Mr. N.S. Patel	Yes	Yes	Yes
Mr. P.B. Patel	No	Yes	Yes

4. Remuneration Committee

With effect from 21st July 2001, the Board of Directors has appointed a Remuneration Committee comprising 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
	18 th April 2004
Mr. H.S. Parikh	Yes
Mr. N.S. Patel	Yes
Mr. P.B. Patel	No

The details of remuneration paid to Managing Director 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+ 775,695+ <u>2,500,000</u> 5,675,695	3 years from 1-9-02 to 31-8-05.

Bonus	Nil
Stock Options	Nil
Pension	Nil
Others	Nil

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

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

Name	Sitting Fees (Rs.)		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. P.B. Patel	25000	10000	35000
Mr. N.S. Patel	25000	20000	45000
Mr. P.M. Patel	15000	Nil	15000
Mr. H.S. Parikh	20000	20000	40000
Mr. Hans Gass	10000	Nil	10000
Mr. Werner Kraher	5000	Nil	5000
Mr.Hakan Kingstedt	5000	Nil	5000
			155000

5. Share Transfer Committee

This Committee is comprising of following Directors :

Mr. B.I. Patel
Mr. P.B. Patel
Mr. N.S. Patel

In financial year 2004-2005, meetings of Share Transfer Committee have been convened 2 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 2 held
Mr. B.I. Patel	2
Mr. P.B. Patel	2
Mr. N.S. Patel	0

6. Investors Grievance Committee / Shareholders Committee

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

Mr. H.S. Parikh	Member	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	8
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
2003-2004	Registered Office at Vallabh Vidyanagar, Gujarat	03-9-2004	03.00p.m.
2002-2003	-do-	27-9-2003	03.00 p.m.
2001-2002	-do-	28-9-2002	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.	Asian Age (English) Janasatta (Gujarati)
iii.	Any website where results or official news are displayed.	www.eimcoelecon.co.in
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 | 28 th September, 2005 at 03.00 p.m. at Regd. Office
Vallabh Vidyanagar |
| ii. | Financial year | 2004-2005 (year ending 31-3-2005) |
| iii. | Book Closure Period | 6-9-2005 to 10-9-2005 |
| iv. | Dividend payment date | 1 st October 2005 |

v. Listing on Stock Exchanges

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

- | | |
|--|---|
| <p>1. Vadodara Stock Exchange Ltd. (Regional)
Fortune Towers
Dalal Street
Sayagi Gunj
Vadodara – 390 005</p> | <p>3. The Stock Exchange, Ahmedabad
Kamdhenu Complex
Opp. Sahajanand College
Near Polytechnic
Panjara Pole
Ahmedabad – 380 015</p> |
| <p>2. The Stock Exchange, Mumbai
P.J. Towers
25th Floor
Dalal Street
Mumbai – 400 001</p> | <p>4. 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</p> |

The listing fee for the year 2004-2005 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

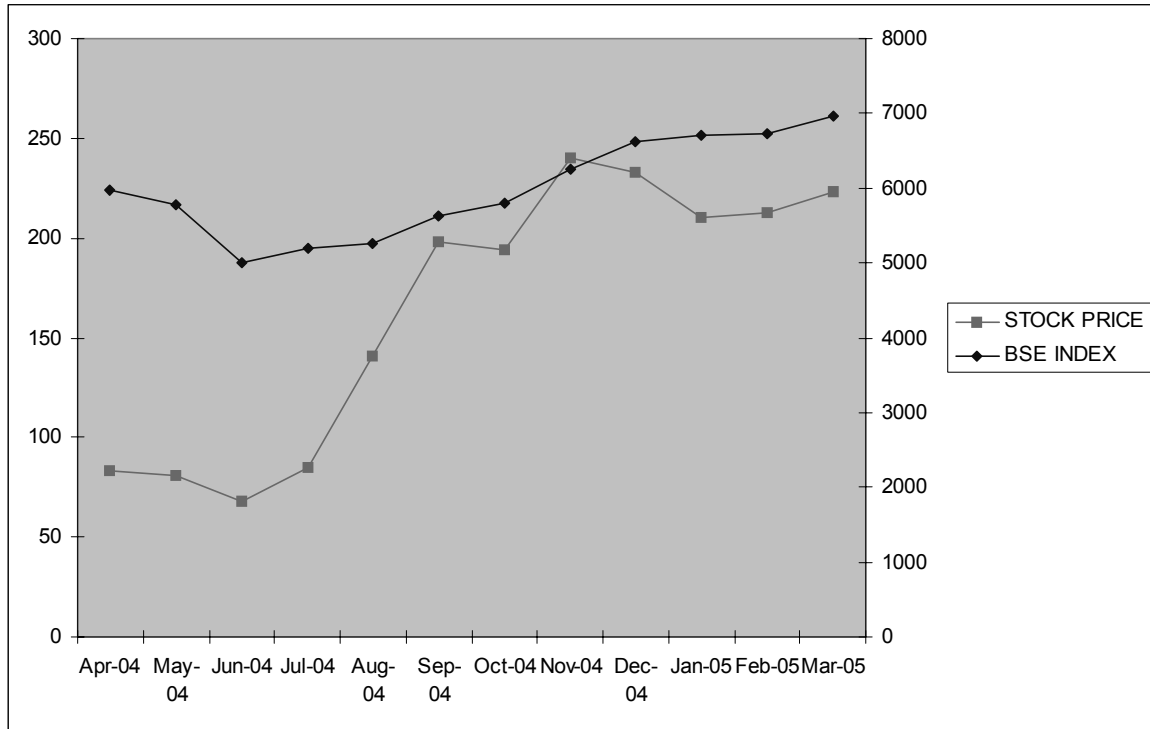
The Stock Code of company's shares is as follows :

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	Low	Volume	High	Low	High	Low	Volume
	(Rs.)	(Rs.)				(Rs.)	(Rs.)	
Apr 2004	83.00	70.10	19302	5979.25	5599.12	83.05	70.00	12626
May 2004	80.85	65.35	53068	5772.64	4227.50	82.50	64.50	15558
Jun 2004	67.65	59.00	3619	5012.52	4613.94	68.70	59.30	5291
Jul 2004	85.00	62.00	25306	5200.85	4723.04	84.70	62.00	46974
Aug 2004	140.30	80.00	130227	5269.22	5022.29	139.40	78.70	206319
Sep 2004	198.00	119.00	493103	5638.79	5178.57	198.00	123.00	688637
Oct 2004	194.00	148.60	180089	5803.82	5558.14	190.00	148.60	156175
Nov 2004	240.00	175.05	468203	6248.43	5649.03	229.85	176.00	212288
Dec 2004	233.00	190.00	229897	6617.15	6176.09	232.00	187.90	132823
Jan 2005	209.95	181.00	56624	6696.31	6069.33	209.95	184.00	33502
Feb 2005	213.00	175.00	61299	6721.08	6508.33	216.75	171.10	56580
Mar 2005	222.90	175.00	78559	6954.86	6321.31	222.35	174.00	41690

viii. Index graph



ix. Share Transfer System

No. of transfers during the year	:	123	No. of shares transferred	:	15400
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x. Distribution of shareholding as on 31-03-2005 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-250	4507	89.32	532855	9.24
251-500	290	5.75	109357	1.90
501-1000	103	2.04	83371	1.45
1001-2000	77	1.53	114628	1.99
2001-3000	25	0.49	60344	1.04
3001-4000	9	0.18	32930	0.57
4001-5000	10	0.20	45163	0.78
5001-10000	4	0.08	26584	0.46
10001 & above	21	0.41	4763153	82.57
Total	5046	100.00	5768385	100.00

xi. Shareholding Pattern as at 31st March 2005

	Category	No. of shares held	% of Shareholding
A	Promoter's holding		
1.	Indian promoters	2756965	47.79
	Foreign Promoters	1447875	25.10
2.	Persons acting in concert	9030	0.16
	Sub-total	4213870	73.05
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)	239	0.00
c.	Foreign Institutional Investors	392239	6.80
	Sub-total	392478	6.80
4.	Others		
a.	Private corporate bodies	53935	0.94
b.	Indian Public	1098025	19.04
c.	Non-Resident Indians	8772	0.15
d.	Any other (please specify)	1305	0.02
	Sub-total	1162037	20.15
	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 2005, 69.39% (40,02,495 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

xvi. Registrar & Share Transfer Agents

Mumbai Office:

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

Vadodara Office:

M/S Intime Spectrum Registry Ltd.
201, Sidcup Towers,
Race Course
Vadodara-390007

NOTE ON APPOINTMENT OR REAPPOINTMENT OF DIRECTORS

Annexure 4 to the Directors' Report - Item No. 6

1. Mr. N.S. Patel

The Board had appointed Mr..N.S. Patel as a Director of the company with effect from 9th May 1992, liable to retire by rotation. Mr. N.S. 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. N.S. Patel is a commerce Graduate and 73 years of age. He earlier held position of Commercial Director in Elecon Engineering Co. Ltd. He carries with him more than 43 years of experience in various management fields including banking. He held various senior positions in Bank of Baroda and was General Manager in its European operations with headquarters in London.

Mr. N.S. Patel is also a Director in VVN Mfg. & Investa Ltd.

2. Mr.P.M. Patel

Mr. P.M. Patel had also been appointed 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 58 years of age. He is associated with the Bearing Industry for over three decades. His other Directorships and committee Memberships of other companies are as under.

Company	Position	Committee Memberships	Chairman/Member
ABC Bearings Limited	Managing Director	Transfer-cum-Shareholders'/Investors'-Grievance Committee	Member
Mipco Seamless Rings(Gujarat) Ltd.	Chairman	Audit Committee Transfer-cum-Shareholders'/Investors'-Grievance Committee	Member Chairman
Elecon Engineering Co.Ltd	Director	Audit Committee Shareholders'/ Investors'-Grievance Committee Remuneration Committee	Member Member Member

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, 2005 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 the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company as on March 31, 2005, there were no investor grievance matters against the Company 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 : 15-06-2005

Umesh H. Talati
Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

Annexure 5 to directors' report - item no. 8

INDUSTRY STRUCTURE AND DEVELOPMENT

A) COAL MINING

The year 2004 turned out to be a major milestone for Coal Industry in India, as the Ministry of Coal put in focused attention for exploring ways to augment coal production in the country to support the Power Sector. The annual Coal production reached a record level of little over 360 million. An impressive growth of more than 7% over previous year considering the diversity of locations and size of operations of various subsidiaries of Coal India. Despite above growth there was a gap of about 50 million tonnes between demand & supply.

Considering increased demand of goods from the manufacturing sector in India, the immediate attention of planner's is the improvement in power generating capacity. Coal is one of the primary source of energy, accounting for about 67% of the total energy consumption in the Country. As such the Coal sector is considered a priority sector for investment by The Government Of India. To augment the efforts of accelerating the growth in the coal sector The Government Of India has started permitting the mining leases for captive use by the Power, Steel, Cement and allied Industries. Considering the rate at which demand is increasing, it is expected that private mining sector will grow rapidly to meet their respective demands. To encourage above the private sector mining leases are permitted to sell Coal to Coal India by The Government Of India. A proposal to consider 100% Foreign direct investment in the captive mines is also considered for augmenting the efforts of increasing the Coal production. At present 100% Foreign direct investment is only permitted in Power Sector.

According to Vision Coal 2025, India would need 1147 million tonnes of coal by 2025 for achieving the GDP growth of 7%. The above would require an investment of Rs.2.5 Lakh Crores. It is projected that to achieve 1147 MT of production by 2025 investment equivalent to Rs.23000 Crores/95000 Crores would be required for Underground & Open Cast mines respectively. The 10th Five Year plan is expected to propose an investment of Rs.19000

Crores for Coal mining Sector. In view of above documented requirements, it is expected that the concerned agencies may take a serious look at Coal Mines (Nationalization) Amendment Bill 2000 whose progress has been stalled due to trade unions and left parties. The proposed amendment seeks to allow Indian Companies to mine coal without the existing restriction of Captive consumption and to engage in exploration activities for coal resources in the country.

The open cast mines will continue to dominate the scenario in the near future due mainly to lower cost of production per tonnes as compared to Underground mines. However due to better quality of coal from underground mines, the realizable premium on coal from above is reasonably higher as compared to open cast mines. Apart from above due to environment & socio-political reasons it is expected that the underground mining will continue to attract investment in coming years. It is expected that the present Drill-Blast-Load method will continue to be patronized in the coal mines, resulting in to regular requirements of equipment manufactured by our company. These equipment will undergo a face lift in near future to cater to the requirement of increased reliability. To achieve above we may see extensive use of improved/sophisticated hydraulic elements along with transmission technologies.

Considering the successful implementation of cut & carry method of mining in one mine, it is expected that more projects would incorporate above technology to achieve increased production from underground mine. Our Company is expected to address above issue by offering a less capital intensive proposal with a moderate production capacity to enable coal companies deploy it more extensively & economically.

B) METALLIFEROUS MINING

As reported in the previous year the metal mining sector's underground operations are not witnessing

growth similar to coal sector. Only the Gold, Uranium & Manganese Sectors are performing well. The activities at Zinc & Copper are at a very initial stages of revival. However, considering the upbeat Industrial climate towards manufacturing segment, it is expected that the metalliferous mining will also be seeing growth in their respective segments.

OPPORTUNITIES AND THREATS

As reported last year our new 250 mm dia Blast Hold Drill has completed two years of operation. The encouraging results achieved during above period will enable our company enter this segment to claim its fair market share. Our Blast hole drills will enable us expand our activities to cover open cast mines.

In order to improve our company's competitiveness new production methods are being implemented. The improved methods of operations at the manufacturing would result in enhancing our capabilities to produce a product with a shorter lead time.

SEGMENT WISE PERFORMANCE

(A) TRADING IN UNDERCARRIAGE PARTS

During the year no business was done in this segment and Board of Directors has decided to discontinue this business from 1st April 2005 so company will have only one segment of Mining Machinery & Spares.

(B) MINING MACHINERY & SPARES

Company sold 114 machines amounting to Rs.39.03 crores as against 119 machines amounting to Rs.38.98 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 systems are adequate, considering size and nature of operation of the company, to meet regulatory /statutory requirements.

DEVELOPMENTS ON HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT

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

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

Sales & Other income for the year ended 31st March, 2005 were Rs.1008.27 million as compared to Rs.869.63 million in 31st March, 2004. The net profit stood at Rs.87.51 million (previous year Rs.76.07 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 2005, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as

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

- iii. The Balance Sheet, 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 2005 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2005 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 2005;
 - (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
15th June, 2005

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 3 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.6,35,00,000/- and the year end balance of loans granted to such parties was Rs.1,60,00,000/-.
- (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.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no continuing failure to correct major weaknesses have been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act. No order has been passed by the Company Law Board or National Company Law Tribunal

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|--|--|
| <p>or Reserve Bank of India or any Court or any other Tribunal.</p> <p>(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.</p> <p>(ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.</p> <p>(b) According to the records of the company, there are no dues of sales tax, income-tax, custom duty, wealth tax, service tax, excise duty/cess, which have not been deposited on account of any dispute except in the case of Income Tax Act of Rs. 39,69,562/- has not been paid as the same is under dispute. This 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 Department against interest on sales tax deferment availed by the company.</p> <p>(x) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the banks.</p> <p>(xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.</p> | <p>(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.</p> <p>(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.</p> <p>(xv) In our opinion 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.</p> <p>(xvi) The term loans have been applied for the purpose for which they were raised.</p> <p>(xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no significant funds raised on short-term basis have been used for long-term investment by the company.</p> <p>(xviii) The company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s 301 of the Act.</p> <p>(xix) During the period covered by our audit report, the company has not issued any debentures.</p> <p>(xx) The company has not raised any money out of public issue. However, the company has received public deposit and the end use of such money received from public deposit as disclosed has been verified.</p> <p>(xxi) We report that no fraud on or by the company has been noticed or reported during the course of our audit.</p> |
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- For TALATI & TALATI
Chartered Accountants

Umesh H. Talati
Partner
- Ahmedabad
15th June, 2005
-

EIMCO ELECON (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	Rupees	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	781,274,330		716,829,052
			838,958,180	774,512,902
Loan Funds				
Secured Loans	3	243,608,962		100,000,000
Unsecured Loans	4	204,618,762		182,091,782
			448,227,724	282,091,782
Deferred Tax Liability (Refer Note No 1(L))			57,661,979	48,166,596
		Total ...	1,344,847,883	1,104,771,280
APPLICATION OF FUNDS				
Fixed Assets	5	757,727,421		644,280,222
Less: Depreciation		306,300,650		250,689,216
Net Block		451,426,771		393,591,006
Capital Work in Progress		3,206,218		3,754,026
Net Block			454,632,989	397,345,032
Investments	6		19,996,914	10,247,025
Deferred Tax Asset (Refer Note No 1(L))			3,185,271	3,096,562
Current Assets, Loans and Advances	7			
Inventories		455,549,388		237,352,446
Sundry Debtors		453,673,500		260,387,285
Cash and Bank Balances		187,336,001		144,946,897
Loans and Advances		71,571,088		246,904,862
		1,168,129,977		889,591,490
Less : Current Liabilities and Provisions	8			
Current Liabilities		273,776,050		170,025,119
Provisions		27,321,218		25,483,710
		301,097,268		195,508,829
Net Current Assets			867,032,709	694,082,661
		Total ...	1,344,847,883	1,104,771,280
Notes to the Accounts	12			

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants
UMESH H.TALATI
Partner
Ahmedabad
15th June, 2005

Mr. N.D. Shelat
Company Secretary

For and on behalf of the Board
Mr. B.I.PATEL
Chairman & Managing
Director
Mr. H.S. Parikh
Mr. N.S. Patel
Director
,,
Mumbai
15th June, 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Amount Rupees	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
INCOME				
Sales and Other Income	9		1,008,206,227	869,631,288
EXPENDITURE				
Manufacturing and other expenses	10	784,827,084		684,653,690
Miscellaneous Expenses	11	24,143,399		17,579,932
Depreciation		59,314,109		46,462,792
			868,284,592	748,696,414
PROFIT BEFORE TAX			139,921,635	120,934,874
Provision for taxation(Including Rs.50,000/-for Wealth Tax)			43,000,000	38,000,000
Provision for Deferred Tax			9,406,673	6,861,706
PROFIT AFTER TAX			87,514,962	76,073,168
Less: Short/(Excess) Provision for Taxation for earlier years			-	1,798,090
NET PROFIT			87,514,962	74,275,078
Balance brought forward			28,302,658	25,502,196
PROFIT AVAILABLE FOR APPROPRIATION			115,817,620	99,777,274
APPROPRIATIONS				
Proposed Dividend			20,189,348	19,035,671
Tax on distributed profits			2,880,336	2,438,945
Transfer to General Reserve			70,000,000	50,000,000
Balance Carried forward			22,747,936	28,302,658
			115,817,620	99,777,274
Notes to the Accounts	12			
Earnings per share (Rs.) Basic & Diluted (Face value of Rs. 10 each)			15.18	12.88

As per our report of even date attached
For TALATI & TALATI
Chartered Accountants
UMESH H.TALATI
Partner
Ahmedabad
15th June, 2005

Mr. N.D. Shelat
Company Secretary

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

Mr. H.S. Parikh
Mr. N.S. Patel
Mumbai
15th June, 2005

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 1	As on 31.3.2005 Rupees	As on 31.3.2004 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	612,852,394	562,852,394
Add : Transferred from Profit & Loss Account	<u>70,000,000</u>	<u>50,000,000</u>
	682,852,394	612,852,394
Surplus in Profit and Loss Account	<u>22,747,936</u>	<u>28,302,658</u>
Total ..	<u>781,274,330</u>	<u>716,829,052</u>

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

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
SCHEDULE - 3		
SECURED LOANS		
S.B.I Anand		
Working Capital Demand Loan	100,000,000	100,000,000
Cash Credit	7,597,782	-
Foreign Currency Term Loan	99,352,200	-
Term Loan	<u>36,658,980</u>	<u>-</u>
Total ..	<u>243,608,962</u>	<u>100,000,000</u>
 SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	59,524,245	60,164,930
Sales Tax Deferment Account - Wind Mill	94,517	1,926,852
Short Term Loans from Banks	<u>145,000,000</u>	<u>120,000,000</u>
Total ..	<u>204,618,762</u>	<u>182,091,782</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)									
SCHEDULE - 5									
FIXED ASSETS									
ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION			NET BLOCK	
	As at 1st April 2004 Rupees	Additions during the year Rupees	Deduction during the year Rupees	As at 31st March 2005 Rupees	As at 1st April 2004 Rupees	For the year Rupees	On Deduction/ Adjust- ment Rupees	As at 31st March 2005 Rupees	As at 31st March 2004 Rupees
Freehold Land	10,993,916	-	-	10,993,916	-	-	-	10,993,916	10,993,916
Buildings	30,847,726	10,979,175	86,983	41,739,918	13,334,610	1,984,606	55,520	26,476,222	17,513,116
Plant & Machinery	481,141,834	95,224,697	2,233,809	574,132,722	208,639,378	51,647,929	1,894,595	315,740,010	272,502,456
Plant & Machinery (Leased)	83,927,218	-	-	83,927,218	11,673,030	711,000	-	71,543,188	72,254,188
Electric Fittings	4,340,694	1,587,516	-	5,928,210	2,623,855	369,644	-	2,934,711	1,716,839
Office Equipment and Airconditioners	8,596,922	2,231,230	67,601	10,760,551	4,732,962	796,268	54,132	5,285,453	3,863,960
Furniture and Fixtures	15,848,983	6,896,980	251,626	22,494,337	5,471,290	2,669,905	229,994	14,583,136	10,377,693
Vehicles	8,582,929	1,107,435	1,939,815	7,750,549	4,214,091	1,134,757	1,468,434	3,870,135	4,368,838
TOTAL	644,280,222	118,027,033	4,579,834	757,727,421	250,689,216	59,314,109	3,702,675	306,300,650	393,591,006
Previous Year	444,713,259	205,078,056	5,511,093	644,280,222	207,503,301	46,462,792	3,276,877	250,689,216	
Capital Work-in-Progress								3,206,218	3,754,026
								454,632,989	397,345,032

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
SCHEDULE - 6		
INVESTMENTS (AT COST)		
(Long term, unless otherwise stated)		
Trade Investmens:		
— 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 :		
Quoted		
— Bank of Baroda (700 Shares of Rs.10 each)	59,500	59,500
— G.E.Shipping Ltd (5000 shares of Rs. 10 each)	507,100	—
— Grasim Industries Ltd (1000 shares of Rs.10 each)	1,083,728	—
— Infosys Ltd (928 shares of Rs. 5 each)	1,118,225	—
— Mahindra & Mahindra Ltd (2200 shares of Rs. 10 each)	895,291	—
— Reliance Industries Ltd (2200 shares of Rs.10 each)	966,115	—
— State Bank of India (2500 shares of Rs. 10 each)	1,206,925	—
— Tata Chemicals Ltd (10000 shares of Rs.10 each)	1,128,848	—
— Tata Iron and Steel Co. Ltd (7500 shares of Rs.10 each)	1,433,657	—
— Tata Power Ltd (5000 shares of Rs.10 each)	1,410,000	—
— 6.75% Tax free 19900 Bonds in US-64 Scheme of Unit Trust of India	1,990,000	1,990,000
UnQuoted		
— Charotar Gas Sahakari Mandali	2,525	2,525
	19,996,914	10,247,025
Aggregate amount of Quoted investment	11,799,389	2,049,500
[Market value Rs.16,574,729/-(Rs.2,319,090/-)]		
Aggregate amount of Unquoted investment	8,197,525	8,197,525
	19,996,914	10,247,025

EIMCO ELECON (INDIA) LIMITED

SCHEDULE - 7

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

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
A. CURRENT ASSETS		
Inventories (As certified by a Director) (Valued at cost or realisable value whichever is lower)		
Stock and Stores	3,888,574	1,434,676
Raw Materials	21,470,168	17,316,079
Spares and Components	355,787,442	189,012,037
Work in progress	70,427,746	25,574,592
Finished Goods	3,975,458	4,015,062
	<u>455,549,388</u>	<u>237,352,446</u>
Sundry Debtors (Unsecured considered good)		
Exceeding six months	54,625,858	31,646,481
Other Debts	399,047,642	228,740,804
	<u>453,673,500</u>	<u>260,387,285</u>
Cash and Bank Balance		
Cash on Hand	582,250	107,920
Remittances in Transit	122,970,000	-
With Scheduled Banks		
In Current Accounts	58,542,643	80,818,965
On Short Term Deposit Account	5,239,726	64,018,630
	<u>63,782,369</u>	<u>144,837,595</u>
With Non-Scheduled Banks		
With Karamsad Urban Co-op.Bank Ltd. [Maximum during the year Rs.1,382 (Rs.1,382)]	1,382	1,382
	<u>187,336,001</u>	<u>144,946,897</u>
B. LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	55,574,669	234,497,683
Balance with Excise, Customs Authorities	7,043,944	5,830,987
Advance Tax (Net of Provisions)	8,952,475	6,576,192
	<u>71,571,088</u>	<u>246,904,862</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Small Scale Industrial Undertaking	13,801,960	11,178,620
Others	<u>258,634,946</u>	<u>157,629,134</u>
	272,436,906	168,807,754
Unclaimed dividend	1,232,144	1,101,640
Unclaimed Deposits	<u>107,000</u>	<u>115,725</u>
	273,776,050	170,025,119
Provisions		
Proposed Dividend (including tax on dividend)	23,069,684	21,474,616
Provision for Leave Encashment	<u>4,251,534</u>	<u>4,009,094</u>
	27,321,218	25,483,710
SCHEDULE - 9		
SALES AND OTHER INCOME		
Sales	972,231,606	838,538,464
Other Income	<u>8,576,638</u>	<u>11,212,231</u>
Interest		
On Deposits (Tax deducted at source Rs.42,77,935 previous year Rs. 24,90,872)	20,674,625	12,073,457
Commission	1,981,107	7,697,632
Dividend on Non-Trade Investments (Tax deducted at source Rs.Nil previous year Rs. Nil)	<u>105,513</u>	<u>4,900</u>
Refund of Sales Tax	10,955	45,829
Sundry Creditors written off	16,515	58,775
Profit on foreign exchange	<u>4,609,268</u>	<u></u>
	1,008,206,227	869,631,288

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS(Contd.) SCHEDULE - 10

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
MANUFACTURING AND OTHER EXPENSES		
Consumption of Raw Material, Spares & Components	533,026,610	453,134,945
Machining and Labour Charges	35,057,800	28,375,998
Consumption of Stores	13,422,743	9,315,066
Power and Lighting (Net of W.T.G. Income Rs. 4,646,448(P.Y. Rs. 6,164,156))	1,274,387	705,307
Machinery rent		
Repairs & Maintenance		
Plant and Machinery	5,112,893	1,181,980
Building	1,255,804	839,412
Others	2,894,941	3,220,953
Computer	4,304,364	4,208,926
	13,568,002	9,451,271
Salaries, Wages and Bonus	30,197,727	28,209,982
Contribution to Provident and other Funds	2,468,644	2,111,397
Contribution to Gratuity Fund	948,640	1,268,547
Contribution to Superannuation Fund	1,904,471	1,658,955
Workers and Staff Welfare	1,767,014	2,042,544
	37,286,496	35,291,425
Insurance	4,026,075	3,375,403
Rates and Taxes	850,961	1,184,841
Central Excise borne by us	950,526	721,313
Provision for excise duty on finished goods at factory	3,965	143,925
Provision for Warranties	4,861,158	
Rent	1,890,800	862,300
Freight	2,778,192	2,529,584
Compensation to distributors	130,830,056	98,443,775
Computer Expense	49,050	663,283
Travelling and Conveyance	10,479,274	9,201,716
Advertisement	1,548,170	2,184,250
Directors Fees	155,000	95,000
Auditors Remuneration		
Audit Fees	129,600	129,600
Fees for certification work	10,400	3,000
Tax Audit Fees	27,000	27,000
Reimbursement of out of pocket expense	71,901	81,918
	238,901	241,518
Lease Rent	3,332,000	2,143,740
Bank charges	6,632,180	3,960,611
Interest		
On Loans for fixed period	6,066,487	6,899,227
Other (including on deferred payment)	18,102,987	5,636,441
	24,169,474	12,535,668
Bad Debts written off	2,499,416	2,806,745
Loss on sale of assets	65,792	431,291
LD charges	643,606	4,098,133
(Increase)/Decrease in stock		
Opening Stock - Finished Goods	4,015,062	2,971,609
Work in progress	25,574,592	29,374,627
	29,589,654	32,346,236
Less: Closing Stock - Finished Goods	3,975,458	4,015,062
Work in progress	70,427,746	25,574,592
	74,403,204	29,589,654
	-44,813,550	2,756,582
	784,827,084	684,653,690

SCHEDULES FORMING PART OF THE ACCOUNTS(Contd.)

	As on 31.3.2005 Rupees	As on 31.3.2004 Rupees
SCHEDULE - 11		
Miscellaneous Expenses		
Donation	1,329,352	3,518,750
Professional Fees	3,500,935	2,672,832
Works & Office Expenses	1,935,731	2,015,855
Loss on foreign Exchange	-	192,229
Miscellaneous Labour Charges	3,752,357	3,703,077
E.mail & Internet Expenses	1,520,704	1,378,032
Garden Expenses	6,580,987	410,096
Others	5,523,333	3,689,061
	<u>24,143,399</u>	<u>17,579,932</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.

[F] Operating Lease

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

[G] RETIREMENT BENEFITS

[I] 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.

[H] **EXCISE DUTY**

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

[I] **FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. However where Forward Exchange Contracts are entered into, 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 into 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.

Cash Credit, Working capital demand loan and Term loan are secured by first charge on the whole of stock of Raw materials, receivables and book debts and a second charge on whole of immovable properties and plant and machinery.

[J] **BORROWING COST**

Other cost in connection with the borrowing of the funds to the extend related/attribution to the acquisition/ construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing cost are charged to profit and loss account.

[K] **PROVISION FOR WARRANTY**

A provision of Rs. 48,51,158/- has been recognised for expected warranty claims on products sold during the current Financial year. The warranty claims are for a period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next Financial Year.

[L] **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. 2004-2005)</u>	Current Year Rupees	Previous Year Rupees
<u>DEFERRED TAX ASSETS:</u>		
PROVISION FOR LEAVE ENCASHMENT	88,709	213,714
	88,709	213,714
<u>DEFERRED TAX LIABILITY:</u>		
EXCESS OF CURRENT YEAR DEPRECIATION AS PER IT OVER DEPRECIATION AS PER COMPANIES ACT	8,780,364	6,374,472
REVERSAL OF VOLUNTARY RETIREMENT COMPENSATION OF PREVIOUS YEAR	715,018	700,948
	9,495,382	7,075,420
NET DEFERRED TAX LIABILITY	9,406,673	6,861,706

[M] I INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

PARTICULARS	Current year		Previous Year			
	MINING MACHINERY & SPARES	TRADING ACTIVITIES	TOTAL	MINING MACHINERY & SPARES	TRADING ACTIVITIES	TOTAL
Sales and other income	1,008,206,227	-	1,008,206,227	869,415,684	215,604	869,631,288
Segment results	164,264,533	-173,424	164,091,109	12,612,332	-76,664	12,535,668
Less : Interest (Net)	24,169,474		24,169,474	12,535,668		12,535,668
Other common expenses						
Extraordinary Expenses	140,095,059	-173,424	139,921,635	76,664	-76,664	-
Total (loss)/profit before tax	1,642,191,028	568,852	1,642,759,880	1,296,592,540	591,007	1,297,183,547
Segment assets						
Add: Common Assets	1,642,191,028	568,852	1,642,759,880	1,296,592,540	591,007	1,297,183,547
Total Assets	1,642,191,028	568,852	1,642,759,880	1,296,592,540	591,007	1,297,183,547
Segment liabilities						
Add: Common Liabilities	749,324,992		749,324,992	477,600,611		477,600,611
Total Liabilities	749,324,992		749,324,992	477,600,611		477,600,611
Segment Capital employed						
Add: Common Capital Employed	892,866,036	568,852	893,434,888	818,991,929	591,007	819,582,936
Total capital employed	892,866,036	568,852	893,434,888	818,991,929	591,007	819,582,936
Capital expenditure						
Add: Common capital expenditure	118,027,033		118,027,033	205,078,056		205,078,056
Total capital expenditure	118,027,033		118,027,033	205,078,056		205,078,056
Depreciation						
Add: Common depreciation	59,314,109		59,314,109	46,462,792		46,462,792
Total depreciation	59,314,109		59,314,109	46,462,792		46,462,792
Non cash expenses						
Add : Common non cash expenditure	-		-			
Total non Cash expenditure	-		-			

II INFORMATION ABOUT SECONDARY BUSINESS SEGMENTS

REVENUES BY GEOGRAPHICAL MARKET	Current Year		Previous Year			
	INDIA	OUTSIDE INDIA	TOTAL	INDIA	OUTSIDE INDIA	TOTAL
External Sales and other Income	1,007,473,577	732,650	1,008,206,227	857,630,443	12,000,845	869,631,288
SEGMENT ASSETS	1,642,759,880	-	1,642,759,880	1,297,183,547		1,297,183,547

<p>[N] EARNINGS PER SHARE</p> <p>(a) Net Profit available to equity shareholders</p> <p>(b) Weighted Average number of equity shares used as denominator for calculating EPS</p> <p>(c) Basic and Diluted Earning per Share (Rs.) (Equity share of face value of Rs. 10 each)</p>	<p>Current Year</p> <p>87,514,962</p> <p>5,768,385</p> <p>Rs.15.18</p>	<p>Previous Year</p> <p>74,275,078</p> <p>5,768,385</p> <p>Rs.12.88</p>
2. Sales Tax Deferment Accounts		
<p>[i] Rs.94,517 (Rs.1,926,852) being Sales tax deferment received on account of Windmills.</p>		
<p>3. 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>Current Year</p> <p>Rupees</p> <p>112,105,831</p> <p>2,777,840</p> <p>20,000,000</p> <p>3,969,562</p> <p>2,692,564</p>	<p>Previous Year</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>4. [i] The Gujarat Sales Tax Dept. has raised a demand of Rs.30,437,143 on the Company towards interest on sales tax deferment in respect of Windmills which were destroyed in a cyclone in 1998. The company has obtained a stay order from the Gujarat High Court of the recovery proceedings initiated by the Sales Tax Dept.</p>		
<p>5. (A) RELATED PARTY DISCLOSURE FOR THE YEAR ENDING 31-03-05</p>		
<p>[i] Associate :</p> <p>[ii] Enterprise indirectly controlled</p> <p>[iii] Collaborators</p> <p>[iv] Key Management Personnel</p> <p>[v] Relatives of Key Management Personnel</p>	<p>:</p> <p>:</p> <p>:</p> <p>:</p> <p>:</p>	<p>Elecon Engineering Company Ltd Wizard FinCap Ltd Power Build Elecon Gear Ltd Emtici Engineering Ltd VVN Mfg. & Investa Ltd Power Build Ltd Bhatru Holding Pvt. Ltd Narmada Travel Services Ltd Elecon Information Technology Ltd Akkaish Mechatronics Ltd Sandvik Tamrock-France Sandvik Asia Ltd-Pune Sandvik SMC Distribution-Singapore Eimco Great Britain-UK Drilltech Mission Inc-USA Shri B.I. Patel Shri A.M. Deshpande Shri P.B. Patel</p>

PARTICULARS

NATURE OF RELATIONSHIP	ASSOCIATE		KEY MANAGEMENT PERSONNEL		RELATIVE OF KEY MANAGEMENT PERSONNEL		ENTERPRISE INDIRECTLY CONTROLLED		COLLABORATORS	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
SALES	997,386	1,195,284					76,985			
PURCHASES	5,451,822	5,878,497					56,338,414	41,157,621	9,349,104	5,265,801
PROVI./RECEIPT OF MGT/OTH SERV.	6,213,148	10,519,487					150,195,158	110,123,042		
LOANS GIVEN	27,000,000	282,000,000					45,000,000	11,800,000		
LOANS TAKEN										
INTEREST RECEIVED	15,353,952	10,726,411					372,582	226,521		
INTEREST GIVEN										
SALES OF FIXED ASSETS.	52,104	-					40,810	-		
PURCHASE OF FIXED ASSETS							234,000	5,221,000		
REMUNERATION-MD&CEO			8,760,655	7,368,592						
SITTING FEES							35,000		35,000	
RENT INCOME	6,584						694,184			
RENT EXPENSES	860,400	2,939,740					908,400	8,400		
JOB-WORK INCOME	391,430	9,660					37,490	5,280		
ASSETS LEASE EXP	3,465,110									
ASSETS LEASE INCOME		4,372,711						250,432		
GUARANTEE GIVEN/TAKEN	20,000,000									
ROYALTY										
TECHNICAL KNOWHOW FEES										
PROVISION FOR DOUBTFUL/BAD DEBTS										
BALANCE O/S AT THE YEAR END	1,584,651	214,603,263					(8,818,788)	35,473,239	2,307,436	82,281

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

	Current Year		Previous Year	
	Amount outstanding as on 31.03.2005	Maximum amount outstanding during the year	Amount outstanding as on 31.03.2004	Maximum amount outstanding during the year
Elecon Engineering Company Ltd.	–	209,100,000	205,600,000	205,600,000
Prayas Casting Ltd.	–	–	–	2,000,000
Wizard Fincap Ltd.	–	1,000,000	1,000,000	1,000,000
Power Build Ltd.	16,000,000	16,000,000	5,000,000	13,500,000
Power Build Elecon Gears Ltd.	–	2,500,000	2,500,000	6,000,000
Ringspann Elecon (I) Ltd.	–	–	1,300,000	1,300,000
VVN Mfg. & Investa Ltd.	–	45,000,000	–	–
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				
6. Computation of Net Profit in accordance with Sec. 349 read with Sec. 309(5) & Sec. 198 of the Companies Act, 1956 for Managerial Remuneration.			Current Year Rupees	Previous Year Rupees
Net Profit as per Profit and Loss Account			87,514,962	76,073,168
Add: [i] Depreciation as provided in books			59,314,109	46,462,792
[ii] Provision for Taxation			43,000,000	38,000,000
[iii] Provision for Deferred Taxation			9,406,673	6,861,706
[iii] Whole-time Director's remuneration			–	2,034,740
[iv] Managing Director's remuneration			6,455,295	5,333,852
[v] Directors' Fees			155,000	95,000
[vi] Loss on sale of Fixed Assets			65,792	431,291
			–	–
			205,911,831	175,292,549
Less :				
[i] Profit on sale of Fixed Assets as per Profit and Loss A/c			–	–
[ii] Excess provision written back			–	58,775
Less :			205,911,831	175,233,774
[i] Depreciation as per Section 350 of the Companies Act, 1956			59,314,109	46,462,792
Add: [i] Profit/Loss on sale of Fixed Assets as per Section 350.			–	–
Net Profit			146,597,722	128,770,982
Commission to Wholetime Director			–	540,000
Commission to Managing Director provided as per rules			2,500,000	2,150,000

EIMCO ELECON (INDIA) LIMITED

7 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	350	114	400	300	119
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	158**	500	300	86**
V	Spares for above	1400 lacs	2500 lacs	5,674.52 (sales value)	1400 lacs	2500 lacs	4,409.81 (sales value)
VI	Hydraulic Cylinders	Nos. 3000	2000	1105***	3000	2000	1030***
VII	Blasthole & Water well drilling rigs	Nos. 50	10		50	10	

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

** Includes 61 (28) numbers for captive consumption.

*** Includes 705 (634) numbers for captive consumption.

8 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	–	–
V	–	232,480,419	–	448,334,932	–	156,020,844	–	232,480,419
VI	235	3,437,351	156	3,325,882	158	2,947,904	235	3,437,351

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

9 Turnover

	Nos.	Value Rupees	Previous Year	
			Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	114	390,396,397	119	389,842,969
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
III Air Motors	101	5,540,202	59	3,248,457
IV Spares for above	-	567,451,909	-	440,981,371
V Hydraulic Cylinders	479	8,843,098	319	4,465,667
VI Blasthole & Water well drilling rigs	-	-	-	-
Note: Sales includes stock writtenoff		<u>972,231,606</u>		<u>838,538,464</u>

	Quantity	Value Rupees	Previous Year	
			Quantity	Value Rupees
10 Consumption of Raw Material Spares & Components :				
Casting	Nos. 20030	17,485,085	13680	10,412,841
Forgings	Nos. 3232	4,322,086	1633	1,957,967
Bearings	Nos. 14835	10,628,455	13814	7,847,883
Round Bars and Plates	Tons 958	41,165,196	1470	21,437,906
Other Raw Materials, Spares & Components		459,425,788		411,478,348
		<u>533,026,610</u>		<u>453,134,945</u>

	Value Rupees	% of Total	Previous Year	
			Value Rupees	% of Total
11 Value of raw materials, spares and components consumed				
Imported	251,731,852	47	258,489,727	57
Indigenous	281,294,758	53	193,645,218	43
	<u>533,026,610</u>	<u>100</u>	<u>453,134,945</u>	<u>100</u>

12 Value of Stores Consumed :				
Imported	-		-	
Indigenous	13,422,743	100	9,315,066	100

13 CIF value of Imports in respect of :			
Components and spares	294,777,914		195,951,076
Capital Goods	75,578,952		123,023,784

EIMCO ELECON (INDIA) LIMITED

	Rupees	Previous Year
14 Earning in Foreign exchange on account of exports calculated on FOB basis :		
Sales	732,650	4,303,213
Commission	1,981,107	7,697,632
15 Expenditure in Foreign currency :		
Travelling	4,413,211	4,445,472
Interest	-	-
Others	-	-
16 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	2003-04	<u>2002-03</u>
Amount remitted (net of tax)	4,777,988	4,777,988
17 INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE		
Lease Rent outstanding as on 31 st March 2005 payable as under		
Not later than one year	2,280,000	1,160,000
Later than one year but not later than five years	2,655,000	-
Later than five years	-	-
INFORMATION REGARDING ASSETS GIVEN ON OPERATING LEASE		
Lease Rent outstanding as on 31 st March 2005 Receivable as under		
Not later than one year	5,500	13,200
Later than one year but not later than five years	-	5,500
Later than five years	-	-
18 Total Outstanding Dues of Small Scale Industrial Undertaking. (Refer Annexure 1)	13,801,960	11,178,620
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking	258,634,946	157,629,134
A small scale industrial undertaking has the same meaning as assigned to it under clause(j) of section 3 of the Industries (Development and Regulation) Act,1951.		
19 Figures of the previous year have been shown in brackets.		
20 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.	AIR TOOLS INDUSTRIES	173,593.00
2.	EKO RUBBER INDUSTRIES	234.00
3.	HI-TECH ENGINEERS	7,750.00
4.	INDUSTRIAL ENTERPRISES	37,740.00
5.	KENT INDUSTRIES	3,464.00
6.	LUCKY STEEL INDUSTRIES	718.20
7.	METAL TREAT INDUSTRIES	28,326.50
8.	MICRO SYSTEM	23,631.80
9.	MICROFINE PRODUCT	14,343.75
10.	PRITESH INDUSTRIES	157,313.50
11.	RAJ ENGINEERING WORKS	244,614.00
12.	SHREE ENGINEERING WORKS	42,627.02
13.	SHREE NATHJI ENGG CO.	5,180.00
14.	SPECTRUM ENGINEERS	96,055.20
15.	VIN-FAB INDUSTRIES	68,795.00
	Total	<u>904,385.97</u>

EIMCO ELECON (INDIA) LIMITED

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

22 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 5

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 6 4 5 9 4 6

Total Assets

1 6 4 5 9 4 6

Sources of Funds

Paid-up Capital

0 5 7 6 8 3

Reserve & Surplus

0 7 8 1 2 7 4

Secured Loans

0 2 4 3 6 0 8

Un secured Loans

0 2 0 4 6 1 9

Application of Funds

Net Fixed Assets

0 4 5 4 6 3 3

Investments

0 1 9 9 9 7

Net Current Assets

0 8 6 7 0 3 3

Misc. Expenditure

0 0 0 0 N I L

Accumulated Losses

0 0 0 0 N I L

Deferred Tax Liability

0 5 7 6 6 2

Deferred Tax Asset

0 0 0 3 1 8 5

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

Turnover

1 0 0 8 2 7 3

Total Expenditure

0 8 6 8 2 8 4

Profit/Loss Before Tax

0 1 3 9 9 2 2

Profit/Loss After Tax

0 8 7 5 1 5

Earnings per Shares

0 1 5 . 1 8

Dividend Rate

0 0 0 3 5 %

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

Item Code No. (ITC Code)

8 4 3 0 2 0 . 0 0

Product Description

Side Dump Loaders (SDL)

8 4 3 0 5 0 . 0 1

Load Haul Dumpers (LHD)

8 4 3 0 6 9 . 0 0

Blast hole & water well drilling rigs

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

UMESH H. TALATI
Partner

Ahmedabad
15th June, 2005

Mr. N.D. Shelat
Company Secretary

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

Mr. H.S. Parikh
Mr. N.S. Patel
Director
,,

Mumbai
15th June, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2005

A CASH FLOW FROM OPERATING ACTIVITIES	AMOUNT RS. 31.03.2005	AMOUNT RS. 31.03.2004
Net profit before Interest, Tax and extra ordinary items	164,156,901	133,901,833
Adjustment for :		
1. Depreciation/misc. expenses written off	59,314,109	46,462,792
3. Dividend	-105,513	4,900
4. Interest	-20,674,625	-12,073,457
Operating profit before working capital change	202,690,872	168,296,068
Adjustments for :		
Trade and other receivables	-15,224,556	-146,484,776
Inventories	-218,247,715	-14,447,884
Trade Payables	103,973,131	78,724,983
	-129,499,140	-82,207,677
Cash generated from operations	73,191,732	86,088,391
Interest paid	24,098,460	8,060,684
Direct Taxes paid	45,376,283	42,115,342
	69,474,743	50,176,026
Cash Flow before extra ordinary items	3,716,989	35,912,365
Extra ordinary items	-	-
NET CASH FROM OPERATIONS	3,716,989	35,912,365
 B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of fixed assets	117,479,225	188,105,610
Sale of fixed assets	-811,367	-1,802,925
Acquisition of companies	-	-
Purchase of Investments	9,749,889	2,525
Sale of Investments	-	-
Interest Received	-20,323,023	-11,818,475
Dividend received	-105,513	4,900
NET CASH USED IN INVESTING ACTIVITIES	105,989,211	174,491,635

EIMCO ELECON (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2005(Contd.)

	AMOUNT RS. 31.03.2005	AMOUNT RS. 31.03.2004
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	166,135,942	214,306,627
NET CASH USED IN FINANCING ACTIVITIES	144,661,326	192,832,011
NET INCREASE IN CASH OR CASH EQUIVALENTS	42,389,104	54,252,741
CASH OR CASH EQUIVALENTS AS AT 01-04-2004 (Opening balance)	144,946,897	90,694,156
CASH OR CASH EQUIVALENTS AS AT 31-03-2005 (Closing balance)	187,336,001	144,946,897

Mr. N.D. Shelat
Company Secretary

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

Mr. H.S. Parikh
Mr. N.S. Patel
Director
"

Mumbai
15th June, 2005

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, 2005 and March 31, 2004, 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

Ahmedabad
15th June, 2005

(UMESH H. TALATI)
Partner

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 31st Annual General Meeting of the Company to be held
on Wednesday, the 28th September 2005, at 03.00 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at
any adjournment thereof.

Signed this _____ day of _____ 2005

Sign :

DP. Id	
--------	--

Client Id/ Folio No.	
-------------------------	--

No. of Shares	
---------------	--

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.**