

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2006-2007**

BOARD OF DIRECTORS

| | | |
|---------------------|---|--------------------|
| Mr. P. M. Patel | - | Chairman |
| Mr. P. B. Patel | - | Managing Director |
| Mr. Werner Kraher | | |
| Mr. Hakan Kingstedt | | |
| Mr. H. S. Parikh | | |
| Mr. N. S. Patel | | |
| Mr. U. M. Patel | | |
| Mr. A. M. Deshpande | - | Wholetime Director |

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs. Talati & Talati
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Anand

REGD. OFFICE & WORKS

Vallabh Vidyanagar
Gujarat - Pin 388 120

REGISTRAR & SHARE TRANSFER AGENTS

Mumbai Office

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

Vadodara Office

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Monday, the 16th July, 2007 at 3.30 P.M. at the Registered Office of the company at Vallabh Vidyanagar 388 120, Gujarat state to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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 Werner Kraher who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N.S.Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“Resolved that the increase by way of revision in the salary, perquisites and commission payable to Shri A. M. Deshpande, Wholetime Director, with effect from 1st April 2007 to 31st December 2008, as stated in the draft of the Supplemental Agreement to be entered into by the Company with him, be and is hereby approved.”

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

By order of the Board

Nilesh D. Shelat
Company Secretary

Date : 11th May, 2007

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 5-7-2007 to 16-7-2007 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2007 when declared at the meeting will be paid:
 - i. to those members whose names appears in the Register of Members of the Company on 5-7-2007.
 - ii. in respect of shares held in electronic 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 4-7-2007.
- D. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- E. The members are requested to bring with them their copy of Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.

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

By order of the Board

Date: 11th May, 2007

Nilesh D. Shelat
Company Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO. 6.

The Remuneration Committee and the Board of Directors at their meeting held on 11th May 2007 unanimously resolved to increase the remuneration payable to Shri A.M.Deshpande, Wholetime Director from 1st April 2007 for the remaining period of his term of appointment i.e. 31st December 2008, subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Shri A. M. Deshpande are set out in the draft of the Supplemental Agreement to be entered into by the Company with him which inter alia, contain the following terms and conditions:

Remuneration :

- (a) Salary : Rs.2,00,000/- Per month.
- (b) Commission : In addition to salary, one percent commission on the net profits of the company computed in the manner laid down in section 309(5) of the Companies Act, 1956 subject to a ceiling of Rs.14 Lacs per annum whichever is less.

(c) Perquisites & Allowances :

Company's contribution to provident Fund, Superannuation Fund, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of earned leave at the end of tenure shall not be included in computation of perquisites.

Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

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

All other terms and conditions remain unchanged.

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

Shri A.M.Deshpande is concerned or interested in the resolution as it relates to him.

None of the other Directors is interested or concerned in the aforesaid resolution.

The aforesaid explanatory statement may also be treated as a Notice to members under Section 302 of the Companies Act, 1956.

By order of the Board,

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

Date: 11th May, 2007

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 33rd Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2007.

1. FINANCIAL RESULTS

| | 31-03-2007 | 31-03-2006 |
|---|--------------------|-------------------|
| | (Rs.) | (Rs.) |
| Profit before Depreciation, & Provision for Taxation | 205,497,771 | 191,254,311 |
| Less: Depreciation | 76,450,094 | 67,021,536 |
| PROFIT BEFORE TAX | 129,047,677 | 124,232,775 |
| Less : Provision for Taxation and Deferred Tax and Fringe Benefit Tax | 42,258,980 | 41,827,601 |
| PROFIT AFTER TAX | 86,788,697 | 82,405,174 |
| Add : Balance brought forward from last year | 22,132,206 | 22,747,936 |
| | 108,920,903 | 105,153,110 |
| APPROPRIATED AS | | |
| Proposed DIVIDEND | 20,189,348 | 20,189,348 |
| Tax on distributed Profit | 3,431,180 | 2,831,556 |
| Transfer to General Reserve | 60,000,000 | 60,000,000 |
| Balance Carried Forward | 25,300,375 | 22,132,206 |
| Total | 108,920,903 | 105,153,110 |

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of Rs.989.70 million (previous year Rs.931.71 million). The net profit stood at Rs.86.78 million (previous year Rs.82.40 million).

During the year your company entered into technology transfer agreement with M/s. Ahlmann Baumaschinen GmbH of Germany for manufacturing of Front End Articulated Loader.

During the year your company received the order for one continuous mining package worth Rs.12.51 crores, which would be dispatched during first quarter of current year.

3. DIVIDEND

Your directors recommend for your consideration a dividend of 35% for the year ended 31st March, 2007.

4. INSURANCE

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

5. FIXED DEPOSITS

Fourteen Deposits aggregating to Rs.169,000 though matured were not claimed as on 31st March 2007.

6. DIRECTORS

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

During the year Shri Hans Gass, Director resigned from the Board of Directors of the company. Your Directors place on record their sincere appreciation for the valuable contribution made by Shri Hans Gass.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the directors have selected such accounting policies and applied them consistently and made judgements and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;

3. that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

4. that the directors have prepared the annual accounts on a going concern basis.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

9. CORPORATE GOVERNANCE

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

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

10. PERSONNEL

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

continued support and good work of all employees.

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

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

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

12. AUDITORS

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

13. ACKNOWLEDGEMENT

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

For and on behalf of the Board

P. B. Patel
Managing Director

A. M. Deshpande
Wholetime Director

Place : Mumbai
Date : 11th May, 2007

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 2007.

(A) Names of employee employed throughout the year

| Sr. No. | Name | Age Yrs. | Qualification | Date Of Joining | Designation | Nature Of Duty | Remuneration Received | | Experience (yrs) | Last Employment & Designation |
|---------|----------------------|----------|--------------------------------------|-----------------|---------------------|--------------------|-----------------------|-----------|------------------|---|
| | | | | | | | Gross | Net | | |
| 1. | Shri P. B. Patel | 49 | BE (Mech.) M.B.A | 01-04-06 | Managing Director | Overall Management | 66,31,045 | 42,58,226 | 31 | Elecon Eng. Co. Ltd. (Managing Director) |
| 2. | Shri A. M. Deshpande | 57 | BE (Mech.) ME (Machine Design) | 10-10-03 | Whole time Director | Overall Management | 39,45,320 | 21,12,641 | 34 | L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager-Engg.) |

Notes:

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

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

Particulars required to be disclosed in the report of Board of Directors pursuant to section 217(1)(e) of the Companies Act,1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) rules 1988, and forming part of the Directors' report for the year ended 31st March, 2007.

[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 and 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.5,750,015 |
| 3. Total R & D expenditure | |
| Percentage of total turnover | : 0.58% |

[C] Technology absorption, adaptation & innovation:

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

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

2. Benefits derived as a result of above efforts :

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

3. Technology imported :

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

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

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

[b] Whether technology fully absorbed :

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

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs.3,607,856 and continues to make efforts to push up exports. The Company has also earned commission to the extent of Rs.1,652,376.

2. Foreign Exchange used & earned:

| | |
|----------------|---------------|
| <u>Used</u> | <u>Eamed</u> |
| Rs.132,918,185 | Rs. 5,260,232 |

For and on behalf of the Board

| | |
|-------------------|--------------------|
| P. B. Patel | A. M. Deshpande |
| Managing Director | Wholetime Director |

Place : Mumbai
Date : 11th May, 2007

Corporate Governance Report

Annexure 3 to the Directors' Report

1. Company's philosophy

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

2. Board of Directors (the Board)

During the year 2006-2007, five (5) Board Meetings were held i.e. on

27th June 2006

25th July 2006

12th September 2006

31st October 2006

17th January 2007

| Sr. No. | Name of the Director | Category of Director-ship | No. of Board Meetings attended out of 5 held | Attendance at AGM held on 12th Sep. 06 | No. of other Director-ships in other companies (excluding Directorships in foreign and private companies) | No. of Committee positions held in other public companies | |
|---------|----------------------|---------------------------|--|--|---|---|----------|
| | | | | | | Member | Chairman |
| 1 | Mr. P. B. Patel | MD (P) | 5 | Yes | 14 | Nil | Nil |
| 2 | Mr. H. S. Parikh | NED (I) | 5 | Yes | 3 | 4 | 4 |
| 3 | Mr. P. M. Patel | NED (P) | 5 | Yes | 2 | 4 | Nil |
| 4 | Mr. N. S. Patel | NED (I) | 4 | Yes | 1 | Nil | Nil |
| 5 | Mr. Hans Gass | NED (P) | 1 | No | Nil | Nil | Nil |
| 6 | Mr. Werner Kraher | NED (P) | 2 | No | Nil | Nil | Nil |
| 7 | Mr. Haken Kingstedt | NED (P) | 1 | No | 2 | Nil | Nil |
| 8 | Mr. U. M. Patel | NED (I) | 4 | Yes | 4 | 1 | Nil |
| 9 | Mr. A. M. Deshpande | WTD | 5 | Yes | 1 | Nil | Nil |

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Wholetime Director

Personal Shareholding of Non-Executive Directors is as follows:

No. of Equity shares as at the year end

| | |
|---------------------|------------|
| Mr. P. M. Patel | 150 Shares |
| Mr. H. S. Parikh | 300 Shares |
| Mr. Hans C. Gass | NIL |
| Mr. Werner Kraher | NIL |
| Mr. Hakan Kingstedt | NIL |
| Mr. N. S. Patel | NIL |
| Mr. U. M. Patel | NIL |

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 | MD-P |
| Mr. N. S. Patel | Member | NED-I |

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

Meetings and attendance during the year :

| Members | Attendance at Committee Meeting held on | | | |
|------------------|---|----------------------------|-------------------------------|-------------------------------|
| | 24 th June 2006 | 25 th July 2006 | 31 st October 2006 | 13 th January 2007 |
| Mr. H. S. Parikh | Yes | Yes | Yes | Yes |
| Mr. N. S. Patel | Yes | Yes | No | Yes |
| Mr. P. B. Patel | Yes | Yes | 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 | MD-P |
| Mr. N. S. Patel | Member | NED-I |

Meeting and attendance during the year :

| Members | Attendance at Committee Meeting held on |
|------------------|---|
| | 24 th June 2006 |
| Mr. H. S. Parikh | Yes |
| Mr. N. S. Patel | Yes |
| Mr. P. B. Patel | Yes |

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

| Name | Salary (Rs.) | Perquisites (Rs.) | Commission | Total (Rs.) | Period of contract |
|--|---------------------|--|--|-------------|--|
| Mr. P. B. Patel Managing Director | Rs. 250,000 p.m. | To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956 - Nil | To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956 | 30,00,000+ | 3 years from 01-04-06 to 31-03-09. |
| | | | | 26,00,000 | |
| | | | | 56,00,000 | |
| Mr.A.M.Deshpande Wholetime Director | Rs.200,000 p.m. | Nil | 1% of net profit of the company or Rs.7,00,000 which ever is less per annum. | 24,00,000 + | 3 years from 01-01-06 to 31-12-08 |
| | | | | 7,00,000 | |
| | | | | 31,00,000 | |

| | |
|---------------|-----|
| Bonus | Nil |
| Stock Options | Nil |
| Pension | Nil |
| Others | Nil |

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

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

| Name | Sitting Fees | | Total (Rs.) |
|---------------------|---------------|-------------------|-------------|
| | Board Meeting | Committee Meeting | |
| Mr. N. S. Patel | 40,000 | 40,000 | 80,000 |
| Mr. P. M. Patel | 50,000 | Nil | 50,000 |
| Mr. H. S. Parikh | 50,000 | 50,000 | 1,00,000 |
| Mr. Hans Gass | 10,000 | Nil | 10,000 |
| Mr. Werner Kraher | 20,000 | Nil | 20,000 |
| Mr. Hakan Kingstedt | 10,000 | Nil | 10,000 |
| Mr. U. M.Patel | 40,000 | Nil | 40,000 |

5. Investors Grievance Committee / Shareholders Committee

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

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

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

6. General Body Meetings

| Year | Venue | Date | Time |
|-----------|--|------------|------------|
| 2005-2006 | Registered Office at Vallabh Vidyanagar, Gujarat | 12-09-2006 | 11.00 a.m |
| 2004-2005 | -do- | 28-09-2005 | 03.00 p.m. |
| 2003-2004 | -do- | 03-09-2004 | 03.00 p.m. |

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

7. Disclosures

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

8. CEO/CFO Certification

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

9. Means of Communication

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

10. General Shareholder Information

- | | | |
|------|----------------------------|---|
| i. | AGM – date, time and venue | Monday, the 16 th July 2007 at 3.30 pm at Regd. Office at Vallabh Vidyanagar |
| ii. | Financial year | 2006-2007 (year ending 31-03-2007) |
| iii. | Book Closure Date | 5 th July 2007 to 16 th July 2007 (both days inclusive) |
| iv. | Dividend payment date | 18 th July 2007 |

v. Listing on Stock Exchanges

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

Bombay Stock Exchange Limited

P. J. Towers

25th Floor

Dalal Street

Mumbai – 400 001

The National Stock Exchange of India Limited

Exchange Plaza, 5th floor

Plot No. C/1, G Block

Bandra-Kurla Complex

Bandra (E)

Mumbai - 400 051

The listing fee for the year 2006-2007 for the above Stock Exchanges has been paid in time and there being neither de-listing nor suspension of company's shares from trading during the period under review.

vi. Stock Code

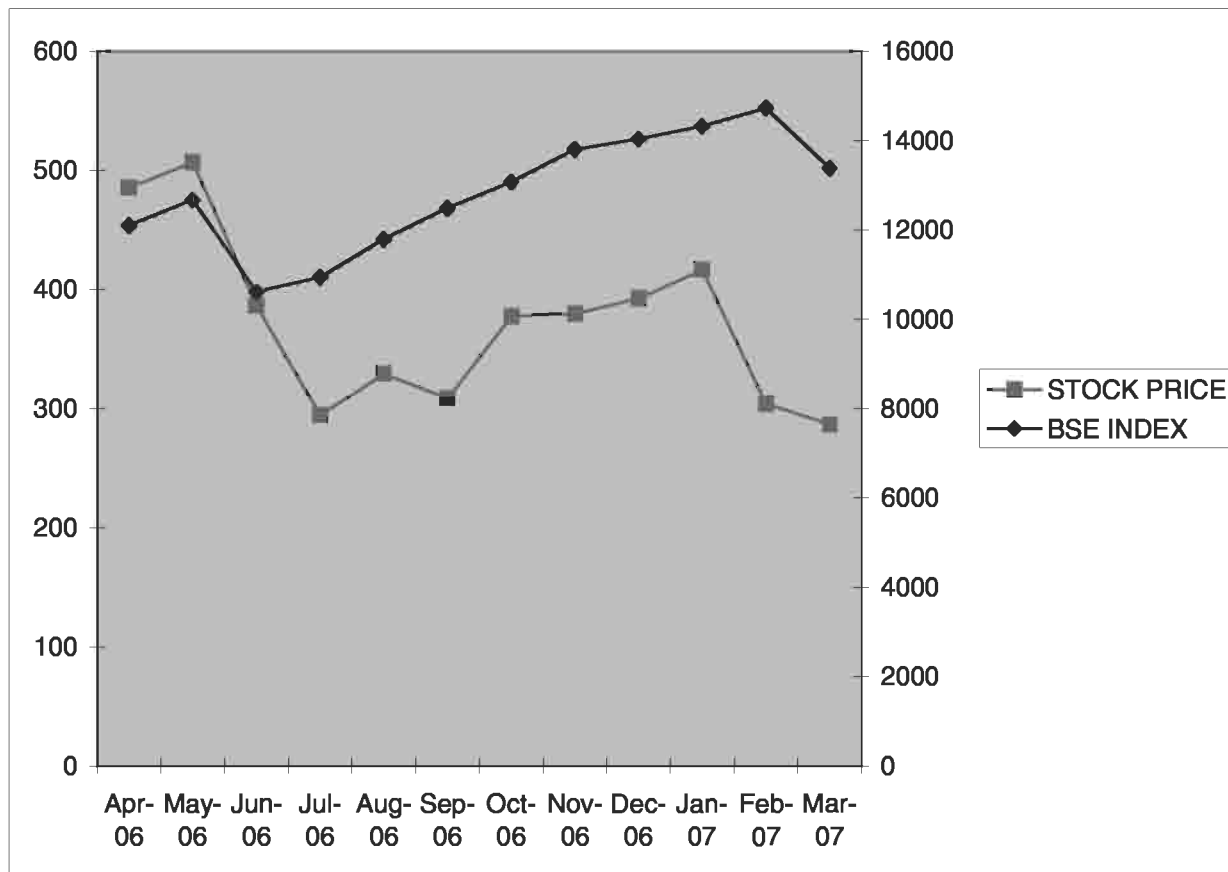
The Stock Code of company's shares is as follows :

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

vii. Market Price Data

| | Bombay Stock Exchange Ltd. | | | BSE Index | | National Stock Exchange of India Ltd. | | |
|----------|----------------------------|--------|--------|-----------|----------|---------------------------------------|--------|--------|
| | High | Low | Volume | High | Low | High | Low | Volume |
| Month | (Rs.) | (Rs.) | | | | (Rs.) | (Rs.) | |
| Apr 2006 | 486.00 | 365.10 | 179526 | 12102.00 | 11008.43 | 495.00 | 377.50 | 53978 |
| May 2006 | 506.90 | 333.00 | 55441 | 12671.11 | 9826.91 | 504.95 | 335.00 | 44055 |
| Jun 2006 | 386.90 | 225.10 | 35425 | 10626.84 | 8799.01 | 393.00 | 231.00 | 17789 |
| Jul 2006 | 294.50 | 216.00 | 106946 | 10940.45 | 9875.35 | 294.00 | 213.15 | 34157 |
| Aug 2006 | 329.80 | 265.00 | 18844 | 11794.43 | 10645.99 | 310.00 | 261.25 | 7444 |
| Sep 2006 | 309.20 | 284.10 | 9775 | 12485.17 | 11444.18 | 310.70 | 285.00 | 7110 |
| Oct 2006 | 378.00 | 295.00 | 141264 | 13075.85 | 12178.83 | 378.00 | 297.15 | 47365 |
| Nov 2006 | 380.00 | 320.00 | 48558 | 13799.08 | 12937.30 | 387.00 | 316.70 | 13174 |
| Dec 2006 | 393.25 | 310.50 | 51949 | 14035.30 | 12801.65 | 402.90 | 310.05 | 18755 |
| Jan 2007 | 417.00 | 286.30 | 74227 | 14325.92 | 13303.22 | 417.95 | 284.35 | 124470 |
| Feb 2007 | 303.90 | 267.50 | 26183 | 14723.88 | 12800.91 | 304.90 | 252.10 | 12306 |
| Mar 2007 | 286.45 | 222.10 | 96330 | 13386.95 | 12316.10 | 294.00 | 216.00 | 234983 |

viii. Index graph



ix. Share Transfer System

No. of Transfers during the year : 68
 No. of Shares transferred : 7750

x. Distribution of shareholding as on 31-03-2007 :

| Shares held | No. of Shareholders | % of shareholders | No. of Shares held | % of Shareholding |
|---------------|---------------------|-------------------|--------------------|-------------------|
| 1-250 | 3984 | 90.6897 | 425080 | 7.3691 |
| 251-500 | 201 | 4.5755 | 73485 | 1.2739 |
| 501-1000 | 88 | 2.0032 | 70700 | 1.2256 |
| 1001-2000 | 44 | 1.0016 | 61248 | 1.0618 |
| 2001-3000 | 24 | 0.5463 | 60174 | 1.0432 |
| 3001-4000 | 8 | 0.1821 | 27122 | 0.4702 |
| 4001-5000 | 7 | 0.1593 | 32603 | 0.5652 |
| 5001-10000 | 8 | 0.1821 | 62183 | 1.0780 |
| 10001 & above | 29 | 0.6602 | 4955790 | 85.9130 |
| Total | 4393 | 100.0000 | 5768385 | 100.0000 |

xi. Shareholding Pattern as at 31st March 2007

| | Category | No. of shares held | % of Shareholding |
|----|---|--------------------|-------------------|
| A | Promoter's holding | | |
| 1. | -Indian promoters | 2760565 | 47.8568 |
| | -Foreign Promoters | 1447875 | 25.1002 |
| 2. | -Persons acting in concert | 2130 | 0.0369 |
| | Sub-total | 4210570 | 72.9939 |
| B. | Non-Promoters Holding | | |
| 3. | Institutional investors | | |
| a. | Mutual Funds and UTI Banks, Financial Institutions Insurance companies (Central/State Government Institutions / Non-Government Institutions) | 351428 100 | 6.0923 0.0017 |
| b. | Foreign Institutional Investors | 21000 | 0.3641 |
| | Sub-total | 372528 | 6.4581 |
| 4. | Others | | |
| a. | Private corporate bodies | 162809 | 2.8224 |
| b. | Indian Public | 961250 | 16.6641 |
| c. | Non-Resident Indians | 16225 | 0.2813 |
| d. | Any other | 45003 | 0.7802 |
| | Sub-total | 1185287 | 20.5480 |
| | GRAND TOTAL | 5768385 | 100.0000 |

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 2007, 71.30% (4112795 Shares) have been dematerialized.

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

Nil

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

xv. Address for correspondence: As above

xvi. Registrar & Share Transfer Agents

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

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

Note on appointment or reappointment of Directors :

ANNEXURE – 4 TO DIRECTORS' REPORT - ITEM NO.6

1. Shri Werner Kraher

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

Shri Werner Kraher is German National. He is Mechanical Engineer and has more than 27 years of experience. He is associated with Sandvik Group since last 17 years. He does not hold Directorships in any other Indian Companies.

2. Shri N. S. Patel

The Board had appointed Shri N. S. Patel as a Director of the company with effect from 9th May 1992, liable to retire by rotation. Shri 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

Shri N. S. Patel is a Commerce Graduate and 75 years of age. He earlier held position of Commercial Director in Elecon Engineering Co.Ltd. He carries with him more than 45 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 operation with headquarter in London.

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

Declaration regarding affirmation of Code of Conduct

In terms of the requirement of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and senior management personnel have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2007.

Mumbai
11th May, 2007

P. B. Patel
Managing Director

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

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

We have examined the compliance of conditions of corporate governance by EIMCO ELECON (I) LTD. for the year ended 31st March, 2007, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrars of the Company as on March 31, 2007, there were no investor grievance matters against the company remaining unattended/pending for more than 30 days.

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

For and on behalf of
TALATI & TALATI
Chartered Accountants

Place : Ahmedabad
Date : 11th May, 2007

Umesh H. Talati
Partner

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

Coal accounts for 55% of the country's energy need. The country's industrial heritage is built upon indigenous coal. The current per capita commercial primary energy consumption in India is about 350 kgoe/year. Driven by the rising population, expanding economy and a quest for improved quality of life, energy usage in India is expected to rise around 450 kgoe/year in 2010. Considering the limited reserve potentiality of petroleum & natural gas, eco-conservation restriction on hydel project and geo-political perception of nuclear power, coal will continue to occupy centre-stage of India's energy scenario.

The annual production of coal in the country has reached at a level of 430 MT, indicating an increase of 8% over the previous year. However, the share of production from the non Public Sector coal mines has remained small.

Coal has been recognized as most important fuel source for thermal power generation in India. About 80% of domestic production is being used for power generation. In addition other industry like steel, cement, fertilizers, chemicals, paper & thousands of medium and small-scale industries are also dependent on coal for their process and energy requirements.

From various government reports it is amply clear that the next 2 years will be years of pronounced coal shortage in India as the delayed Xth plan power projects get commissioned along side the XIth plan projects already under construction. It is expected that in 2007-08, coal requirement for the country would reach a level of 530 MT out of which 424 MT will be consumed for power generation.

FUTURE SCENARIO

The projected demand for coal is expected to reach 730.10 MT by 2011-2012 the last year of the XIth

five year plan. However, the production is likely to fall short of demand at 680MT, registering a compound annual growth of 9.47%, according to official data.

The incremental production of coal during this period is estimated to be 247.5 MT against 104.04 MT in the Xth five year plan. Coal India Limited (CIL) is likely to produce 525.50 MT while Singarheni Collieries Company Limited (SCCL) would produce 40 MT and others, including private sector, 118.70 MT during 2011-2012. The coal ministry hopes to meet the shortage of 51.10 MT through imports.

The government is considering the possibilities of granting infrastructure status to the coal sector in the XIth plan. To give a boost in investment in coal mining, the sector is also likely to get tax holidays and duty exemptions.

The financials of CIL have also improved over the years which is reflected in their payments of Rupees 1500 crores to Govt. of India as dividend in 2006-2007. The four profit making subsidiaries have also been conferred with Mini Ratna, which will reduce the dependency of these subsidiaries on Government of India for budgetary allocation of fund.

CIL has also announced an "Emergency Coal Production Plan". Under this plan, 16 opencast mines have been identified, where the production from existing mines will be enhanced to a higher level yielding an additional 71.3 MT of coal annually after attaining full production potential in an eight-year period.

Though, on an all India basis, about 80% coal production comes from opencast mines. But underground mining have advantages of making mass production possible and it is possible to induct proven international technology for underground mining. Thus, it is believed that, given the growing gap between production and demand for coal, there

is an urgent need to plan and execute large underground coal mining projects.

For underground mining, at present intermediate technology of SDLs/LHDs is being used but they have reached their peak productivity level. The alternative mining methods such as continuous mining equipment, which return higher productivity, are being explored for future. CIL have launched a drive to revive its underground mining division and scale up output from underground mines using new technology.

Your company being pioneer in underground mining equipment, a first to introduce intermediate technology in Indian mines long back, with established market for present range of products, have also poised to commission its first continuous miner technology in the service to the nation.

Your company is adding various state-of-the-art mining equipments such as continuous miners, face & roof drills, coal haulers, 160mm & 250mm self propelled crawler mounted blast hole drills to enhance production of coal to meet demand of future. It is expected that the new products would result in increased business commensurate with the growth of related segment.

OPPORTUNITY AND THREATS

In current financial year, our first continuous miner model ACM 10 operations expected to stabilize. This will open up a new range of applications for our products. The 160mm drill is likely to get approval for regular use in opencast coal mines. The field trails of Face & Roof drills and new Models 621 & 635 Side Discharge Loaders likely to be completed.

The implementation of Welding Robot and Lesser Cutting machines and most modern manufacturing processes have reduced the throughput time, generated additional machining capacity without any additions. Along with this, the alternate source of procurement for brought-out items resulted in optimizing manufacturing cost of some of our products.

The dependency of your company on one Govt. client for entire range of product is being perceived as major threat. Your company has already entered into a collaboration agreement with Ahlmann, Germany to manufacture wheel loaders, who are among world leaders, to diversify in construction equipment business. This will partially reduce the perceived threat.

OUTLOOK FOR THE COMPANY

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

The Ministry of Coal (MOC) has projected sharp increase in demand in 11th plan. This is primarily because all the delayed power projects of 10th plan will also get commissioned during this period apart from projects of 11th plan. In order to narrow the demand – supply gap and augment the coal production, MOC is awarding 138 Coal Blocks to various industries for their captive use. Apart from this CIL have also identified coal-mining blocks for private investments.

All these activities will provide us the business opportunities to cater to the requirements of private companies who will get involved in coal mining, and to enhance our customer base.

RISK AND CONCERNS

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

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

INTERNAL CONTROL SYSTEM

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

DEVELOPMENTS ON HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT

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

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

Sales & Other income for the year ended 31st March, 2007 were Rs.989.70 million as compared to Rs.931.71 million on 31st March, 2006. The net profit stood at Rs.86.78 million (previous year Rs.82.40 million).

CAUTIONARY STATEMENT

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

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

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of **Eimco Elecon (India) Ltd.** as at 31st March 2007, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

- iii. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 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, 2007.
 - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For TALATI & TALATI
Chartered Accountants

AHMEDABAD
DATE: 11th May, 2007

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

ANNEXURE

RE: Eimco Elecon (India) Ltd.

Vallabh Vidhyanagar- 388120
Gujarat

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any major part of the Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of the company, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) There was one company covered in the register maintained u/s.301 to whom the company has granted unsecured loan. The maximum amount outstanding during year was Rs.1,60,00,000/- and the year end balance of loan granted to such party was Rs.1,40,00,000/-.
- (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 Section 58A, 58AA or any other relevant provisions of the Act. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

-
- | | |
|---|--|
| <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, 2007 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.65,20,590/- 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> |
|---|--|
- For TALATI & TALATI
Chartered Accountants
- (UMESH H.TALATI)
Partner
Mem. No. 34834
- AHMEDABAD
DATE: 11th May, 2007
-

EIMCO ELECON (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

| | Schedule | Amount Rupees | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|--|------------------|---------------------------|------------------------------|------------------------------|
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 1 | 57,683,850 | | 57,683,850 |
| Reserves and Surplus | 2 | <u>903,826,769</u> | | <u>840,658,600</u> |
| | | | 961,510,619 | <u>898,342,450</u> |
| Loan Funds | | | | |
| Secured Loans | 3 | 162,967,181 | | 287,967,181 |
| Unsecured Loans | 4 | <u>71,872,416</u> | | <u>103,662,398</u> |
| | | | 234,839,597 | <u>391,629,579</u> |
| Deferred Tax Liability(Net) | | | 52,833,730 | <u>62,774,750</u> |
| | Total ... | | <u>1,249,183,946</u> | <u><u>1,352,746,779</u></u> |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | 5 | 871,239,418 | | 877,892,805 |
| Less: Depreciation | | <u>430,540,841</u> | | <u>360,747,214</u> |
| Net Block | | <u>440,698,577</u> | | <u>517,145,591</u> |
| Capital Work in Progress | | <u>8,670,000</u> | | <u>4,523,521</u> |
| Net Block | | | 449,368,577 | <u>521,669,112</u> |
| Investments | 6 | | 23,716,914 | <u>20,996,914</u> |
| Current Assets, Loans and Advances | | | | |
| Inventories | 7 | 503,725,479 | | 571,083,686 |
| Sundry Debtors | | 286,102,207 | | 359,448,539 |
| Cash and Bank Balances | | 93,569,261 | | 71,465,133 |
| Loans and Advances | | <u>56,037,997</u> | | <u>67,029,126</u> |
| | | <u>939,434,944</u> | | <u>1,069,026,484</u> |
| Less : Current Liabilities and Provisions | 8 | | | |
| Current Liabilities | | 134,770,155 | | 227,437,254 |
| Provisions | | <u>28,566,334</u> | | <u>31,508,477</u> |
| | | <u>163,336,489</u> | | <u>258,945,731</u> |
| Net Current Assets | | | 776,098,455 | <u>810,080,753</u> |
| | Total ... | | <u>1,249,183,946</u> | <u><u>1,352,746,779</u></u> |
| Notes to the Accounts | 12 | | | |

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

UMESH H. TALATI
Partner
Membership No.34834

Ahmedabad
Date: 11th May, 2007

Nilesh D. Shelat
(Company Secretary)

For and on behalf of the Board

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

Mumbai
Date: 11th May, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

| | Schedule | Amount Rupees | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|---|----------|------------------|------------------------------|------------------------------|
| INCOME | | | | |
| Sales and Other Income | 9 | | 989,705,253 | 931,715,532 |
| EXPENDITURE | | | | |
| Manufacturing and other expenses | 10 | 763,981,205 | | 720,677,313 |
| Miscellaneous Expenses | 11 | 20,226,277 | | 19,783,908 |
| Depreciation | | 76,450,094 | | 67,021,536 |
| | | | 860,657,576 | 807,482,757 |
| PROFIT BEFORE TAX | | | 129,047,677 | 124,232,775 |
| Provision for Current Tax (Including Wealth Tax) | | | 51,100,000 | 32,500,000 |
| Provision for Deferred Tax | | | (9,941,020) | 8,298,042 |
| Provision for Fringe Benefit Tax | | | 1,100,000 | 1,029,559 |
| PROFIT AFTER TAX | | | 86,788,697 | 82,405,174 |
| Balance brought forward | | | 22,132,206 | 22,747,936 |
| PROFIT AVAILABLE FOR APPROPRIATION | | | 108,920,903 | 105,153,110 |
| APPROPRIATIONS | | | | |
| Proposed Dividend | | | 20,189,348 | 20,189,348 |
| Tax on distributed profits | | | 3,431,180 | 2,831,556 |
| Transfer to General Reserve | | | 60,000,000 | 60,000,000 |
| Balance Carried forward | | | 25,300,375 | 22,132,206 |
| | | | 108,920,903 | 105,153,110 |
| Notes to the Accounts | | | | |
| Earnings per share(Rs.) Basic & Diluted (Face value of Rs.10 each) | 12 | | 15.05 | 14.29 |

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

UMESH H.TALATI
Partner
Membership No.34834

Ahmedabad
Date :11th May, 2007

Nilesh D.Shelat
(Company Secretary)

For and on behalf of the Board

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

Mumbai
Date: 11th May, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

| A CASH FLOW FROM OPERATING ACTIVITIES | AMOUNT RS. 31.03.2007 | AMOUNT RS. 31.03.2006 |
|---|--------------------------------------|--------------------------------------|
| NET PROFIT BEFORE INTEREST, TAX AND EXTRA ORDINARY ITEMS | 156383262 | 151662497 |
| ADJUSTMENT FOR : | | |
| 1. Depreciation/misc. expenses written off | 76450094 | 67021536 |
| 2. Profit on sale of Fixed Assets | (2186646) | (1478914) |
| 3. Dividend | (519808) | (365704) |
| 4. Interest | (4395469) | (3999166) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE | 225731433 | 212840249 |
| ADJUSTMENTS FOR : | | |
| Trade and other receivables | 85004319 | 95700862 |
| Inventories | 67358207 | (115534298) |
| Trade Payables | (91304424) | (48037951) |
| | 61058102 | (67871387) |
| CASH GENERATED FROM OPERATIONS | 286789535 | 144968862 |
| Less: Direct Taxes paid | 57171676 | 24577084 |
| Cash Flow before extra ordinary items | 229617859 | 120391778 |
| Extra ordinary items | - | - |
| NET CASH FROM OPERATIONS | 229617859 | 120391778 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | 20036695 | 134990830 |
| Sale of fixed assets | (18073782) | (2412085) |
| Acquisition of companies | - | - |
| Purchase of Investments | 2720000 | 1000000 |
| Sale of Investments | - | - |
| Interest Received | (4395469) | (3999166) |
| Dividend received | (519808) | (365704) |
| Interest on IT refund | - | - |
| NET CASH USED IN INVESTING ACTIVITIES | (232364) | 129213875 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007 (Contd.)

| | AMOUNT RS. 31.03.2007 | AMOUNT RS. 31.03.2006 |
|--|--------------------------------------|--------------------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend Paid | (23620528) | (23020904) |
| Interest paid | (27335585) | (27429722) |
| Increase/Decrease in Secured Loan | (125000000) | 44358219 |
| Increase/Decrease in Unsecured Loan | (31789982) | (100956364) |
| Increase in borrowing for working capital | - | - |
| NET CASH USED IN FINANCING ACTIVITIES | (207746095) | (107048771) |
| NET INCREASE IN CASH OR CASH EQUIVALENTS | 22104128 | (115870868) |
| CASH OR CASH EQUIVALENTS AS ON 1-04-2006 (OPENING BALANCE) | 71465133 | 187336001 |
| CASH OR CASH EQUIVALENTS AS ON 31-03-2007 (CLOSING BALANCE) | 93569261 | 71465133 |

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

UMESH H.TALATI
Partner
Membership No.34834

Ahmedabad
Date :11th May, 2007

Nilesh D.Shelat
(Company Secretary)

For and on behalf of the Board

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

Managing Director
Director
Wholetime Director

Mumbai
Date: 11th May, 2007

SCHEDULES FORMING PART OF THE ACCOUNTS

| SCHEDULE - 1 | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|---|---------------------------------------|---------------------------------------|
| SHARE CAPITAL | | |
| Authorised : 10,000,000 Equity shares of Rs.10 each | 100,000,000 | 100,000,000 |
| Issued : 5,768,386 Equity shares of Rs.10 each | 57,683,860 | 57,683,860 |
| Subscribed and Paid up : 5,768,385 Equity shares of Rs.10 each | 57,683,850 | 57,683,850 |
| Total .. | <u>57,683,850</u> | <u>57,683,850</u> |
| (Of the above shares 4,187,786 shares are allotted as fully paid Bonus shares by capitalisation of General Reserve) | | |

| SCHEDULE - 2 | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|--|---------------------------------------|---------------------------------------|
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| As per last Balance Sheet | 291,000 | 291,000 |
| Share Premium | | |
| As per last Balance Sheet | 75,383,000 | 75,383,000 |
| General Reserve | | |
| As per Last Balance Sheet | 742,852,394 | 682,852,394 |
| Add : Transferred from Profit & Loss Account | 60,000,000 | 60,000,000 |
| | <u>802,852,394</u> | <u>742,852,394</u> |
| Surplus in Profit and Loss Account | 25,300,375 | 22,132,206 |
| Total .. | <u>903,826,769</u> | <u>840,658,600</u> |

SCHEDULES FORMING PART OF ACCOUNTS(Contd.)

| | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|---|---------------------------------------|---------------------------------------|
| SCHEDULE - 3 | | |
| SECURED LOANS | | |
| Working Capital Demand Loan from State Bank of India | 85,000,000 | 150,000,000 |
| Term Loan from State Bank of India | 77,967,181 | 137,967,181 |
| Total .. | 162,967,181 | 287,967,181 |

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

| | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|---|---------------------------------------|---------------------------------------|
| SCHEDULE - 4 | | |
| UNSECURED LOANS | | |
| Fixed Deposits | 59,588,478 | 60,239,025 |
| Buyer's credit from Banks | 12,189,421 | 43,328,856 |
| Sales Tax Deferment Account - Wind Mill | 94,517 | 94,517 |
| Total .. | 71,872,416 | 103,662,398 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 5

| A S S E T S | GROSS BLOCK (AT COST) | | | | DEPRECIATION | | | | NET BLOCK | |
|--|------------------------------|---------------------------|---------------------------|-----------------------|----------------------|-------------------|---------------------------|-----------------------|-----------------------|--------------------|
| | As at 1st April 2006 | Additions during the year | Deduction during the year | As at 31st March 2007 | As at 1st April 2006 | For the year | On Deduction/ Adjust-ment | As at 31st March 2007 | As at 31st March 2006 | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Freehold Land | 10,993,916 | - | 9,068,123 | 1,925,793 | - | - | - | 1,925,793 | 10,993,916 | |
| Buildings | 41,808,178 | 925,284 | 8,124,562 | 34,608,900 | 17,485,711 | 2,085,744 | 2,209,440 | 17,362,015 | 24,322,467 | |
| Plant & Machinery | 772,901,678 | 5,565,520 | 3,643,770 | 774,823,428 | 315,761,761 | 68,915,030 | 3,327,145 | 381,349,646 | 457,139,917 | |
| Plant & Machinery (Leased) | 3,785,280 | - | - | 3,785,280 | 3,667,726 | - | - | 3,667,726 | 117,554 | 117,554 |
| Electric Fittings | 6,320,382 | 83,794 | - | 6,404,176 | 3,433,328 | 412,709 | - | 3,846,037 | 2,887,054 | |
| Office Equipment and Airconditioners | 11,724,045 | 139,033 | - | 11,863,078 | 6,248,180 | 777,365 | - | 7,025,545 | 5,475,865 | |
| Furniture and Fixtures | 22,736,457 | - | - | 22,736,457 | 10,565,409 | 2,243,912 | - | 12,809,321 | 12,171,048 | |
| Vehicles | 7,622,869 | 4,137,016 | 1,707,148 | 10,052,737 | 3,585,099 | 1,385,388 | 1,119,882 | 3,850,605 | 4,037,770 | |
| Intangible Assets (Technical know how) | - | 5,039,569 | - | 5,039,569 | - | 629,946 | - | 629,946 | - | |
| TOTAL | 877,892,805 | 15,890,216 | 22,543,603 | 871,239,418 | 360,747,214 | 76,450,094 | 6,656,467 | 430,540,841 | 517,145,591 | |
| Previous Year | 757,727,421 | 133,673,527 | 13,508,143 | 877,892,805 | 306,300,650 | 67,021,536 | 12,574,972 | 360,747,214 | | |
| Capital Work - in - Progress | | | | | | | | | 8,670,000 | 4,523,521 |
| | | | | | | | | | 449,368,577 | 521,669,112 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

| | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|--|---------------------------------------|---------------------------------------|
| SCHEDULE - 6 | | |
| INVESTMENTS (AT COST) | | |
| (Long term, unless otherwise stated) | | |
| Trade Investments : UNQUOTED | | |
| — 249500 Equity Shares(249500) of Rs.10 each fully paid of Wizard Fincap Ltd. | 2,495,000 | 2,495,000 |
| — 570000 Equity Shares(570000) of Rs.10 each fully paid of Power Build Elecon Gears Ltd. | 5,700,000 | 5,700,000 |
| — 360000 Equity Shares(100000) of Rs.10 each fully paid of Eimco Elecon Electricals Ltd. | 3,600,000 | 1,000,000 |
| — 12000 Equity Shares of Rs.10 each fully paid of Madhuban Prayas Resorts Limited | 1,20,000 | - |
| Other Investments : | | |
| Non Trade Investments : QUOTED | | |
| — Bank of Baroda (700 Shares of Rs.10 each) | 59,500 | 59,500 |
| — G.E.Shipping Ltd. (4000 Shares of Rs. 10 each) | 507,100 | 507,100 |
| — Great offshore Ltd.(1000 Shares of Rs. 10 each) | - | - |
| — Grasim Industries Ltd. (1000 Shares of Rs.10 each) | 1,083,728 | 1,083,728 |
| — Infosys Ltd. (1856 shares of Rs. 5 each) | 1,118,225 | 1,118,225 |
| — Mahindra & Mahindra Ltd. (4400 Shares of Rs. 10 each) | 895,291 | 895,291 |
| — Reliance Industries Ltd. (2200 Shares of Rs.10 each) | 966,115 | 966,115 |
| — Reliance Capital Ltd. (110 Shares of Rs. 10 each) | - | - |
| — Reliance Communications Limited (2200 Shares of Rs. 10 each) | - | - |
| — Reliance Energy Ltd. (165 Shares of Rs. 10 each) | - | - |
| — Reliance Natural Resources Ltd.(2200 Shres of RS. 10 each) | - | - |
| — State Bank of India (2500 Shares of Rs. 10 each) | 1,206,925 | 1,206,925 |
| — Tata Chemicals Ltd. (10000 Shares of Rs.10 each) | 1,128,848 | 1,128,848 |
| — Tata Iron and Steel Co. Ltd. (7500 Shares of Rs.10 each) | 1,433,657 | 1,433,657 |
| — Tata Power Ltd. (5000 Shares of Rs.10 each) | 1,410,000 | 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 (Non -Trade) | | |
| — Charotar Gas Sahakari Mandali (Unquoted) | 2,525 | 2,525 |
| | 23,716,914 | 20,996,914 |
| Aggregate amount of Quoted investment [Market value Rs.25,438,501/- (Rs.23,684,744)] | 11,799,389 | 11,799,389 |
| Aggregate amount of Unquoted investment | 11,917,525 | 9,197,525 |
| | 23,716,914 | 20,996,914 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 7

CURRENT ASSETS , LOANS AND ADVANCES

| | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|--|------------------------------|------------------------------|
| A. CURRENT ASSETS | | |
| Inventories (As certified by the Management) (Valued at cost or realisable value whichever is lower) | | |
| Raw Materials | 8,785,795 | 12,655,980 |
| Goods in Transit | 3,086,280 | - |
| Spares and Components | 410,076,361 | 438,033,684 |
| Work in progress | 69,314,398 | 115,955,989 |
| Finished Goods | 12,462,645 | 4,438,033 |
| | 503,725,479 | 571,083,686 |
| Sundry Debtors (Unsecured considered good) | | |
| Exceeding six months | 31,022,200 | 53,121,009 |
| Other Debts | 255,080,007 | 306,327,530 |
| | 286,102,207 | 359,448,539 |
| Cash and Bank Balance | | |
| Cash on Hand | 114,649 | 167,767 |
| Balances with Scheduled Banks | | |
| In Current Accounts | 49,353,230 | 47,095,984 |
| In Short Term Deposit Account | 44,100,000 | 24,200,000 |
| Balances with Non-Scheduled Banks With Karamsad Urban Co-op.Bank Ltd. [Maximum during the year Rs.1,382 (Rs.1,382)] | 1,382 | 1,382 |
| | 93,569,261 | 71,465,133 |
| B. LOANS AND ADVANCES (Unsecured, considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 15,300,589 | 35,645,784 |
| Interest Accrued | 400,949 | 271,695 |
| Intercompany Deposit | 14,000,000 | 16,000,000 |
| Advances to Suppliers | 17,519,117 | 5,615,824 |
| Balance with Excise, Customs Authorities | 8,150,484 | 9,495,823 |
| Income Tax Provision (Net of Advance Tax & TDS) | 666,858 | - |
| | 56,037,997 | 67,029,126 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

| | Rupees | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|--|--------------------|--|--|
| SCHEDULE - 8 | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Current Liabilities | | | |
| Sundry Creditors | | | |
| Small Scale Industrial Undertaking | 7,181,353 | | 6,129,714 |
| Others | <u>110,920,639</u> | 118,101,992 | 219,751,640 |
| Interest Accrued but not due | | 1,606,587 | - |
| Advance from Customers | | 13,659,839 | 270,590 |
| Unclaimed dividend | | 1,232,738 | 1,138,310 |
| Unclaimed Deposits | | 169,000 | 147,000 |
| | | <u>134,770,156</u> | <u>227,437,254</u> |
| Provisions | | | |
| Proposed Dividend (including tax on dividend) | | 23,620,528 | 23,020,904 |
| Provision for Leave Encashment | | 4,922,850 | 4,159,798 |
| Income Tax Provision (Net of Advance Tax & TDS) | | - | 4,327,775 |
| Fringe Benefit Tax Provision (Net of Advance Tax) | | 22,956 | - |
| | | <u>28,566,334</u> | <u>31,508,477</u> |
| SCHEDULE - 9 | | | |
| | | For the Year 31.3.2007 Rupees | For the Year 31.3.2006 Rupees |
| Sales and Other Income | | | |
| Sales | | 959,324,408 | 911,725,894 |
| Other Income | | 21,004,331 | 10,545,813 |
| Interest on Deposits (Tax deducted at source Rs.8,16,975/-) | | | |
| Previous year Rs.6,45,990) | | 4,136,317 | 3,999,166 |
| Interest on Income Tax refund | | 259,152 | - |
| Commission | | 1,591,692 | 348,421 |
| Dividend | | 519,808 | 365,704 |
| Refund of Sales Tax | | 407,070 | 188,591 |
| Profit on Foreign Exchange | | - | 3,063,029 |
| Sundry Balances written off | | 275,829 | - |
| Profit on Sale of Assets | | 2,186,646 | 1,478,914 |
| | | <u>989,705,253</u> | <u>931,715,532</u> |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

| | As at 31.3.2007 Rupees | As at 31.3.2006 Rupees |
|---|------------------------------|------------------------------|
| SCHEDULE - 10 | | |
| MANUFACTURING AND OTHER EXPENSES | | |
| Consumption of Raw Material, Spares & Components | 414,878,302 | 452,233,433 |
| Machining and Labour Charges | 17,083,322 | 29,322,028 |
| Consumption of Stores | 11,267,812 | 15,728,161 |
| Power and Lighting | 3,466,577 | 3,217,806 |
| (Net of Wind Turbine Generator income Rs.108,36,795/-) (P.Y.Rs.94,38,180) | | |
| (Increase)/Decrease in stock | | |
| Opening Stock - Finished Goods | 4,438,033 | 3,975,458 |
| Work in progress | 115,955,989 | 70,427,746 |
| | 120,394,022 | 74,403,204 |
| Less: Closing Stock - Finished Goods | 12,462,645 | 4,438,033 |
| Work in progress | 69,314,398 | 115,955,989 |
| | 81,777,043 | 120,394,022 |
| | 38,616,979 | (45,990,818) |
| Repairs & Maintenance | | |
| Plant and Machinery | 11,008,536 | 9,959,092 |
| Building | 87,454 | 1,678,007 |
| Others | 2,042,392 | 2,612,808 |
| Computer | 3,790,100 | 4,744,472 |
| | 16,928,482 | 18,994,379 |
| SALARY, WAGES & EMPLOYEE'S BENEFITS | | |
| Salaries, Wages and Bonus | 42,891,773 | 41,395,960 |
| Contribution to Provident and other Funds | 3,694,381 | 3,062,970 |
| Contribution to Gratuity Fund | 998,320 | 1,779,825 |
| Contribution to Superannuation Fund | 3,082,437 | 1,698 |
| Workers and Staff Welfare | 2,602,191 | 1,834,901 |
| | 53,269,102 | 48,075,354 |
| Insurance | 4,163,620 | 4,060,759 |
| Rates and Taxes | 2,662,860 | 1,004,783 |
| Central Excise borne by us | 1,350,312 | 1,676,501 |
| Provision for excise duty on finished goods at factory | 1,125,874 | 64,901 |
| Provision for Warranties | 4,796,517 | 4,558,629 |
| Rent | 3,509,610 | 1,905,500 |
| Freight | 3,695,360 | 3,962,316 |
| Compensation to Distributors | 134,005,483 | 132,248,903 |
| Computer Expense | 137,784 | 145,931 |
| Travelling and Conveyance | 7,708,804 | 6,599,725 |
| Software licence fees | 6,230,245 | - |
| Advertisement and Sales Promotion | 1,958,922 | 2,583,110 |
| Directors' Sitting Fees | 310,000 | 540,000 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

Auditors Remuneration

| | | |
|--|---------|---------|
| Audit Fees | 130,000 | 120,000 |
| Fees for certification work | 8,633 | 18,500 |
| Tax Audit Fees | 30,000 | 25,000 |
| Reimbursement of out of pocket expense | 86,367 | 83,900 |

| | | |
|--|---------|---------|
| | 255,000 | 247,400 |
|--|---------|---------|

| | | |
|--------------|-----------|-----------|
| Lease Rent | 2,626,464 | 3,886,200 |
| Bank charges | 3,740,999 | 6,982,821 |

Interest

| | | |
|---------------------------------------|------------|------------|
| On Loans for fixed period | 5,487,192 | 5,552,205 |
| Other (including on deferred payment) | 21,848,393 | 21,877,517 |

| | | |
|--|------------|------------|
| | 27,335,585 | 27,429,722 |
|--|------------|------------|

| | | |
|--------------------------|-----------|---------|
| Loss on foreign Exchange | 692,535 | - |
| Bad Debts written off | 1,959,963 | 339,160 |
| LD charges | 204,692 | 860,609 |

| | | |
|--|-------------|-------------|
| | 763,981,205 | 720,677,313 |
|--|-------------|-------------|

**For the Year
31.3.2007
Rupees**

**For the Year
31.3.2006
Rupees**

SCHEDULE - 11

Miscellaneous Expenses

| | | |
|------------------------------|------------|------------|
| Professional Fees | 4,695,628 | 5,483,374 |
| Works & Office Expenses | 1,394,563 | 1,413,508 |
| Miscellaneous Labour Charges | 4,699,557 | 4,439,903 |
| E.mail & Internet Expenses | 861,420 | 1,512,864 |
| Garden Expense | 1,274,979 | 861,079 |
| Training Expense | 35,000 | 1,168,302 |
| Donation | 2,400,298 | 150,000 |
| Others | 4,864,832 | 4,754,878 |
| | 20,226,277 | 19,783,908 |

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

[1] BASIS OF ACCOUNTING

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

[2] 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 Plant & Machinery on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.

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

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

[3] INVESTMENTS

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

[4] 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.

Stock in process is arrived at based on cost of raw material at weighted average cost and absorption of Labour and overheads.

Finished goods is arrived at based on raw material at weighted average cost, absorption of Labour and overheads and applicable excise duty thereon.

[5] 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 Dividend Income, insurance claims & commission received which are accounted on cash basis.

[6] OPERATING LEASE

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

[7] RETIREMENT BENEFITS

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.

Voluntary Retirement Scheme

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

Unutilised leave

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

[8] 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.

[9] FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transactions. However where Forward Exchange Contracts are entered in to, the forward rates specified in the related Forward Exchange Contracts have been used as the basis of measuring and reporting the transactions. Exchange differences arising on account of forward contracts on Balance Sheet date are accounted in the P & L Account in pursuance of AS-11- Effects of changes in Foreign Exchange Rates, issued by ICAI.

Current assets and current liabilities are translated at year end exchange rates. The resulting gains and losses are appropriately recognised in the Profit and Loss account.

Gains or Losses on settlement, in a subsequent period of transactions (other than Fixed Assets) entered in to in an earlier period are credited or charged to Profit and Loss account.

Exchange differences related to fixed assets are adjusted in the cost of the asset.

[10] BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

[11] PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions and liabilities are recognised in the accounts when there is present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and in case of liabilities when the degree of estimation is generally much less.

Contingent liabilities and contingent assets are not recognised in the books of accounts however the amount of contingent liabilities are disclosed by way of notes in the financial statement.

[12] DEFERRED TAX

Current tax is determined as the amount of tax payable in respect 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.

[13] EARNING PER SHARE

The earnings considered in ascertaining the company's earnings per share comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

[14] IMPAIRMENT OF ASSETS

In terms of AS-28 on "Impairment of Assets" issued by the ICAI, the Company reviews the carrying amount of its fixed assets on each Balance Sheet date for the purpose of ascertaining impairment in assets, if any. On such review there is no indication of impairment of asset during the year.

| (B) NOTES TO ACCOUNTS | Current Year Rupees | Previous Year Rupees |
|---|--------------------------------|---------------------------------|
| Contingent liabilities | | |
| 1.(a) Guarantees issued by Banks | 56,753,428 | 48,861,904 |
| L/C opened but goods yet to be received. | 20,678,457 | 13,490,518 |
| Corporate guarantees given | - | 30,000,000 |
| Income tax Demand disputed by the Company | 7,718,567 | 5,907,556 |
| Notified Area Tax | - | 3,325,828 |
| 1.(b) Capital Contracts remaining to be executed (Net of Capital Advances) | 9,690,019 | - |
| 2. The Gujarat Sales Tax Dept. has raised a demand of Rs. 3,04,37,143 (Rs. 3,04,37,143) on the Company towards interest on sales tax deferment in respect of Windmills which were destroyed in a cyclone in 1998. The company has obtained a stay order from the Gujarat High Court of the recovery proceedings initiated by the Sales Tax Dept. | | |
| 3. <u>Sales Tax Deferment Account</u> | | |
| Rs.94,517 (Rs.94,517) being Sales tax deferment received on account of Windmills. | | |
| 4. <u>Segment Reporting</u> | | |
| In terms of AS -17 on "Segment Reporting" issued by ICAI, the Company neither has more than one business segment nor more than one geographical segment requiring separate disclosure as there is no distinguishable component or economic environment of an enterprise engaged in providing individual product or service or a group of related products or services and the same is not subjected to different risks and returns either of business or geographical segments. | | |
| 5. <u>Provision for Warranty</u> | | |
| A provision of Rs.47,96,517 (P.Y. Rs.45,58,629/-) 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. | | |
| 6. <u>Earning Per Share</u> | | |
| (a) Net Profit available to equity shareholders | 86,788,697 | 82,405,174 |
| (b) Weighted Average number of equity shares used denominator for calculating EPS | 5,768,385 | 5,768,385 |
| (c) Basic and Diluted Earning Per Share (Rs.) (Equity share of face value of Rs.10 each) | 15.05 | 14.29 |
| 7. The Deferred Tax Assets & Liabilities for the current year comprises of Tax effect of the following timing differences. | | |
| | Current Year Rupees | Previous Year Rupees |
| <u>Deffered Tax Assets:</u> | | |
| Provision for Leave Encashment | 1,657,031 | 1,400,188 |
| Voluntary Retirement Scheme | - | 36,469 |
| Sub Total | 1,657,031 | 1,436,657 |
| <u>Deffered Tax Liability:</u> | | |
| Depreciation | 54,490,761 | 64,211,407 |
| Sub Total | 54,490,761 | 64,211,407 |
| Net Deffered Tax Liability | 52,833,730 | 62,774,750 |

8. RELATED PARTY DISCLOSURE FOR YEAR ENDED 31ST MARCH 2007

- [a] Associate** : Elecon Engineering Company Ltd
Wizard FinCap Ltd
Power Build Elecon Gear Ltd
Eimco Elecon Electrical Ltd
Madhuvan Prayas Resorts Ltd
- [b] Enterprise Indirectly Controlled** : Emtici Engineering Ltd
VVN Mfg. & Investa Ltd
Power Build Ltd
Elecon Information Technology Limited
Akkaish Mechatronics Ltd
Akkaish Printing & Stationary
Prayas Castings Ltd
Ringspan Elecon Ltd
Bipra Investments & Trusts Ltd
Devkishan Investments Pvt Ltd
K.B. Investments Pvt Ltd
Speciality Woodpack Pvt Ltd
Woodpack Corporation
Elecon Australia Pty.Ltd
Elecon Africa Pty. Ltd
Elecon Singapore Pte .Ltd
Elecon Middle east FZCO
Narmada Travel Services Ltd
- [c] Collaborators** : Sandvik Tamrock-France
Sandvik Asia Ltd-Pune
Sandvik Mining & Construction-Singapore
Sandvik Mining & Cosnstruction-UK
Sandvik Mining & Cosnstruction-USA
Voest Alpine - SA
- [d] Key Management Personnel** : Shri P. B. Patel
Shri A. M. Deshpande
- [e] Relatives of Key Management Personnel** : Shri Pradipbhai Patel

9.

| PARTICULARS | | | | | | | | | | | | |
|--------------------------------------|------------|------------|--------------------------|---------|--------------------------------------|---------|----------------------------------|-------------|---------------|-----------|-------------|-------------|
| NATURE OF RELATIONSHIP | ASSOCIATE | | KEY MANAGEMENT PERSONNEL | | RELATIVE OF KEY MANAGEMENT PERSONNEL | | ENTERPRISE INDIRECTLY CONTROLLED | | COLLABORATORS | | GRAND TOTAL | |
| | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 | 2006-07 | 2005-06 |
| SALES | 483,376 | 3,582,350 | | | | | 27,381 | 45,935 | - | - | 510,757 | 3,628,285 |
| PURCHASES | 16,934,635 | 4,773,437 | | | | | 29,587,347 | 49,468,094 | 7,928,340 | 8,500,908 | 54,450,322 | 62,742,439 |
| PROVI./RECEIPT OF MGT/ OTH SERV. | 660,213 | 6,936,190 | | | | | 4,172,476 | 139,237,572 | - | - | 4,832,689 | 146,173,762 |
| LOANS GIVEN | - | 45,000,000 | | | | | - | - | - | - | - | 45,000,000 |
| LOANS TAKEN | - | - | | | | | - | - | - | - | - | - |
| INTEREST RECEIVED | - | 1,929,054 | | | | | 1,769,316 | - | - | - | 1,769,316 | 1,929,054 |
| INTEREST GIVEN | - | - | | | | | - | - | - | - | - | - |
| COMMISSION | - | - | | | | | 150,353,443 | - | - | - | 150,353,443 | - |
| SALES OF FIXED ASSETS. | 20,000,000 | 151,792 | | | | | 171,845 | 62,965 | - | - | 20,171,845 | 214,757 |
| PURCHASE OF FIXED ASSETS | - | 31,872,171 | | | | | 241,000 | 2,709,994 | - | - | 241,000 | 34,582,165 |
| REMUNERATION-MD & WHOLETIME DIRECTOR | - | - | | | | | 7,276,365 | 4,999,874 | - | - | 7,276,365 | 4,999,874 |
| SITTING FEES | - | - | | | | | - | - | - | - | 50,000 | 180,000 |
| RENT INCOME | - | - | | | | | 815,880 | 60,000 | - | - | 815,880 | 60,000 |
| RENT EXPENSES | 2,454,000 | 924,000 | | | | | 908,400 | 908,400 | - | - | 3,362,400 | 1,832,400 |
| JOB-WORK INCOME | 16,039,083 | 4,753,285 | | | | | 186,642 | 194,375 | - | - | 16,225,725 | 4,947,660 |
| OTHER EXPENSES(NET) | 386,309 | 1,088,044 | | | | | 948,052 | (91,608) | - | - | 1,334,361 | 996,436 |
| ASSETS LEASE EXP | 2,651,834 | 4,236,559 | | | | | - | - | - | - | 2,651,834 | 4,236,559 |
| ASSETS LEASE INCOME | 330,860 | - | | | | | 200,220 | 979,055 | - | - | 531,080 | 979,055 |
| GUARANTEE GIVEN/TAKEN | - | 30,000,000 | | | | | - | - | - | - | - | 30,000,000 |

| 10. Disclosure of Loans & Advances to Associates/ Companies in which Directors are interested | Current Year | | Previous Year | |
|--|--|--|--|--|
| | Amount outstanding as on 31.03.2007 | Maximum amount outstanding during the year | Amount outstanding as on 31.03.2006 | Maximum amount outstanding during the year |
| Elecon Engineering Company Ltd | - | - | - | 45,000,000 |
| Power Build Limited | 14,000,000 | 16,000,000 | 16,000,000 | 16,000,000 |

As at the year end, the company

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

| 11. Computation of Net Profit in accordance with 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 | 86,788,697 | 82,405,174 |
| Add: [i] Depreciation as provided in books | 76,450,094 | 67,021,536 |
| [ii] Provision for Taxation | 51,100,000 | 32,500,000 |
| [iii] Provision for Deferred Taxation | -9,941,020 | 8,298,042 |
| [iv] Fringe Benefit tax | 1,100,000 | 1,029,559 |
| [v] Wholetime Director's remuneration | 3,245,320 | 775,000 |
| [vi] Managing Director's remuneration | 4,031,045 | 4,224,874 |
| [vii] Directors' Fees | 310,000 | 540,000 |
| [viii] Loss on sale of Fixed Assets | - | - |
| | 213,084,136 | 196,794,185 |
| Less : [i] Profit on sale of Fixed Assets as per Profit and Loss Account. | 2,186,646 | 1,478,914 |
| | 210,897,490 | 195,315,271 |
| Less : [i] Depreciation as per Section 350 of the Companies Act, 1956 | 76,450,094 | 67,021,536 |
| Add: [i] Profit/Loss on sale of Fixed Assets as per Section 350. | - | - |
| Net Profit | 134,447,396 | 128,293,735 |
| Commission to Wholetime Director | 700,000 | 175,000 |
| Comission to Managing Director provided as per rules | 2,600,000 | 1,850,000 |

EIMCO ELECON (INDIA) LIMITED

| 12 Licensed & installed capacity & production Class of Products. | Current Year | | | Previous Year | | | |
|---|--------------|-------------------|-------------------------|-------------------|-------------------|--------------------|------------------------|
| | | Licensed Capacity | Installed Capacity* | Actual Production | Licensed Capacity | Installed Capacity | Actual Production |
| I Tunnelling Loaders with various attachments other than Road Headers | Nos. | 400 | 350 | 102 | 400 | 350 | 114 |
| 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 | 148** | 500 | 300 | 157** |
| V Spares for above | | 1400 lacs | 2500 lacs (sales value) | 7,221.83 | 1400 lacs | 2500 lacs | 6,040.82 (sales value) |
| VI Hydraulic Cylinders | Nos. | 3000 | 2000 | 820*** | 3000 | 2000 | 934*** |
| VII Blasthole & Water well drilling rigs | Nos. | 50 | 10 | 1 | 50 | 10 | |

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

**Includes 14 (44) numbers for captive consumption.

***Includes 268 (366) numbers for captive consumption.

| 13 Stock | Current Year | | | | Previous Year | | | |
|---|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | Opening Stock | | Closing Stock | | Opening Stock | | Closing Stock | |
| | Nos. | Value | Nos. | Value | Nos. | Value | Nos. | Value |
| I Tunnelling Loaders with various attachments other than Road Headers | - | - | - | - | - | - | - | - |
| II Drilling & Roof Bolting Jumbo for mining | - | - | - | - | - | - | - | - |
| III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile | - | - | - | - | - | - | - | - |
| IV Air Motors* | - | - | - | - | - | - | - | - |
| V Spares for above | - | 559,605,363 | - | 494,186,359 | - | 448,334,932 | - | 559,605,363 |
| VI Hydraulic Cylinders* | 772 | 11,478,323 | 434 | 6,452,840 | 156 | 3,325,882 | 772 | 11,478,323 |

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

EIMCO ELECON (INDIA) LIMITED

| 14. Turnover | Current Year | | Previous Year | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>Nos.</u> | <u>Value Rupees</u> | <u>Nos.</u> | <u>Value Rupees</u> |
| I Tunnelling Loaders with various attachments other than Road Headers | 99 | 267,410,000 | 102 | 296,169,067 |
| II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile | - | - | - | - |
| III Air Motors | 119 | 6,165,575 | 109 | 5,508,388 |
| IV Spares for above. | - | 678,961,083 | - | 604,081,574 |
| V Hydraulic Cylinders | 436 | 6,787,749 | 406 | 5,966,865 |
| | | <u>959,324,407</u> | | <u>911,725,894</u> |
| Note : Sales includes stock writtenoff | | | | |
| 15. Consumption of Raw Material Spares & Components : | <u>Quantity</u> | | <u>Value Rupees</u> | |
| | <u>Nos.</u> | <u>Value Rupees</u> | <u>Quantity</u> | <u>Value Rupees</u> |
| Casting | 15618 | 14,729,201 | 17689 | 17,707,127 |
| Forgings | 1842 | 1,870,495 | 2373 | 2,442,682 |
| Bearings | 22091 | 4,256,231 | 16488 | 8,491,045 |
| Round Bars and Plates | 149 | 7,719,041 | 758 | 30,226,080 |
| Other Raw Materials, Spares & Components | | <u>386,303,334</u> | | <u>393,366,499</u> |
| | | <u>414,878,302</u> | | <u>452,233,433</u> |
| 16. Value of raw materials, spares and components consumed | <u>Value Rupees</u> | | <u>Value Rupees</u> | |
| | <u>% of Total</u> | <u>% of Total</u> | <u>% of Total</u> | <u>% of Total</u> |
| Imported | 148,866,688 | 36 | 251,731,852 | 47 |
| Indigenous | 266,011,614 | 64 | 281,294,758 | 53 |
| | <u>414,878,302</u> | <u>100</u> | <u>533,026,610</u> | <u>100</u> |
| 17. Value of Stores Consumed : | <u>Value Rupees</u> | | <u>Value Rupees</u> | |
| | <u>% of Total</u> | <u>% of Total</u> | <u>% of Total</u> | <u>% of Total</u> |
| Imported | - | - | - | - |
| Indigenous | 11,267,812 | 100 | 13,422,743 | 100 |

| | Current Year Rupees | Previous Year Rupees |
|---|--------------------------------|---------------------------------|
| 18. CIF value of Imports in respect of : | | |
| Components and spares | 125,849,196 | 284,882,213 |
| Capital Goods | - | 74,353,888 |
| 19. Earning in Foreign exchange on account of exports calculated on FOB basis : | | |
| Sales | 3,607,856 | 39,176,103 |
| Commission | 1,652,376 | 223,995 |
| 20. Expenditure in Foreign currency : | | |
| Travelling | 2,001,426 | 2,109,388 |
| Others | - | - |
| 21. Amount remitted during the year in foreign currency on account of dividend : | | |
| Number of Non-resident shareholders | 1 | 1 |
| Number of shares held on which dividend was due | 1,447,875 | 1,447,875 |
| Year to which dividend relates | <u>2005-06</u> | <u>2004-05</u> |
| Amount remitted (net of tax) | 5,067,563 | 5,067,563 |
| 22. INFORMATION REGARDING ASSETS TAKEN ON LEASE | | |
| Lease Rent outstanding as on 31st March 2007 payable as under | | |
| Not later than one year | 2,626,455 | 2,137,600 |
| later than one year not later than five years | 5,175,248 | 885,000 |
| later than five years | - | - |
| INFORMATION REGARDING ASSETS GIVEN ON OPERATING LEASE. | | |
| Lease Rent outstanding as on 31st March 2007 Receivable as under | | |
| Not later than one year | - | - |
| later than one year not later than five years | - | - |
| later than five years | - | - |
| 23. Total Outstanding Dues of Small Scale Industrial Undertaking. | 7,181,353 | 6,129,714 |
| Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking | 110,796,368 | 214,135,816 |
| 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. | | |
| 24. Figures of the previous year have been shown in brackets. | | |
| 25. Figures of the Previous Year have been regrouped/rearranged 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

| <u>No.</u> | <u>Vendor Name</u> | <u>Amount (Rs.)</u> |
|-------------------|-------------------------------------|----------------------------|
| 1 | AIR TOOLS INDUSTRIES | 747,830 |
| 2 | AKVIM INDUSTRIES | 2,228 |
| 3 | BARODA CAP LINERS | 36,938 |
| 4 | BHAGWATI FILTERS PVT LTD | 118,041 |
| 5 | ENGINEMATES HEAT TRANSFER PVT. LTD. | 634,107 |
| 6 | EKO RUBBER INDUSTRIES | 11,197 |
| 7 | HYDRODYNE UNDUSTRIES | 1,732 |
| 8 | JOY FABRICATION | 274 |
| 9 | KLIPCO P LTD | 1,101 |
| 10 | KENT INDUSTRIES | 191,632 |
| 11 | LUCKY STEEL INDUSTRIES | 18,609 |
| 12 | MICROFINE PRODUCT | 71,303 |
| 13 | MULTI METALS. | 73,040 |
| 14 | METAL TREAT INDUSTRIES | 334,772 |
| 15 | MICRO TOOLS | 5,062 |
| 16 | MICRO SYSTEM | 50,745 |
| 17 | METAL TREAT INDUSTRIES | 342,611 |
| 18 | PRITESH INDUSTRIES | 773,113 |
| 19 | RAJ ENGINEERING WORKS | 1,058,641 |
| 20 | RUPKALA ENGINEERING WORKS | 1,154,881 |
| 21 | SPECTRAM ENGINEERS | 251,420 |
| 22 | SHREE ENGG.WORKS | 89,581 |
| 23 | TORK FASTNERS (I) P. LTD. | 52,313 |
| 24 | UNIVERSAL GASKET MFG CO. | 146,917 |
| | | 6,168,088 |

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE-13

21 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

0 2 5 7 4

State Code

0 4

Balance Sheet Date

3 1 - 0 3 - 2 0 0 7

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

Public issue

N I L

Rights issue

N I L

Bonus issue

N I L

Private placement

N I L

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

Total Liabilities

1 4 1 2 5 2 0

Total Assets

1 4 1 2 5 2 0

Sources of Funds

Paid-up Capital

5 7 6 8 3

Reserve & Surplus

9 0 3 8 2 7

Secured Loans

1 6 2 9 6 7

Un secured Loans

7 1 8 7 2

Application of Funds

Net Fixed Assets

4 4 9 3 6 9

Investments

2 3 7 1 7

Net Current Assets

7 7 6 0 9 9

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Liability

5 2 8 3 4

Deferred Tax Asset

N I L

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

Turnover

9 5 9 3 2 4

Total Expenditure

8 6 0 6 5 8

Profit/Loss Before Tax

1 2 9 0 4 8

Profit/Loss After Tax

8 6 7 8 9

Earnings per Shares

1 5 . 0 5

Dividend Rate

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

For and on behalf of the Board

UMESH H. TALATI
Partner
Membership No.34834

Nilesh D. Shelat
(Company Secretary)

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

Managing Director
Director
Wholtime Director

Ahmedabad
Date : 11th May 2007

Place : Mumbai
Date : 11th May 2007

EIMCO ELECON (INDIA) LIMITED

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

FOR MEMBER'S IMMEDIATE ATTENTION

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

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

EIMCO ELECON (INDIA) LIMITED

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

PROXY FORM

I, We _____ of _____ in the district of _____ being a Member/s of EIMCO ELECON (I) LTD.

hereby appoint Mr./Mrs. _____ of _____ in the district of _____ or failing him/her, Mr./Mrs. _____ of _____ in the district of _____ as my/our

proxy to attend and vote for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Monday, the 16th July, 2007, at 3.30 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this _____ day of _____ 2007

Sign :

| | |
|-------------------------|-------|
| DP. Id | _____ |
| Client Id/ Folio No. | _____ |
| No. of Shares | _____ |

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

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

* strike out whichever is not desired

BOOK - POST

IF UNDELIVERED PLEASE RETURN TO :

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