

**EIMCO ELECON (INDIA) LIMITED**

**ANNUAL REPORT  
2008-2009**



**BOARD OF DIRECTORS**

Mr. P. M. Patel	-	Chairman
Mr. P. B. Patel	-	Managing Director
Mr. P. C. Amin		
Mr. H. S. Parikh		
Mr. Jal Patel		
Mr. Shreevardhan Sinha		
Mr. A. M. Deshpande	-	Wholetime Director

**COMPANY SECRETARY**

Mr. Nilesh D. Shelat

**AUDITORS**

Messrs. Talati & Talati  
Chartered Accountants  
Ahmedabad

**BANKERS**

State Bank of India  
Anand

**REGD. OFFICE & WORKS**

Vallabh Vidyanagar  
Gujarat - Pin 388 120

**REGISTRAR & SHARE TRANSFER AGENTS**

**Mumbai Office**

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

**Vadodara Office**

Link Intime India Pvt. Ltd.  
(Formerly 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 35th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Thursday, the 30<sup>th</sup> July, 2009 at 11.00 a.m. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat state to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. H. S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. C. Amin retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :  
"Resolved that Mr. Jal Patel, who was co-opted as an Additional Director of the Company by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956, upto the date of forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.  
"Resolved that Mr. Shreevardhan Sinha, who was co-opted as an Additional Director of the Company by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956, upto the date of forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."

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

By order of the Board

**Nilesh D. Shelat**  
Company Secretary

Date : 2<sup>nd</sup> May, 2009

**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 01-07-2009 to 07-07-2009 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31<sup>st</sup> March, 2009 when declared at the meeting will be paid:
  - a. to those members whose names appears in the Register of Members of the Company on 01-07-2009.
  - b. in respect of shares held in electronics form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on 30-06-2009.
- D. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- E. The members are requested to bring with them their copy of Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.

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

By order of the Board

**Nilesh D. Shelat**  
Company Secretary

Date : 2<sup>nd</sup> May, 2009



---

**ANNEXURE TO THE NOTICE**

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

**ITEM NO.6**

Mr. Jal Patel was appointed as an Additional Director with effect from 29-1-2009 pursuant to Section 260 of the Companies Act,1956. Mr. Jal Patel holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under section 257 of the Companies Act,1956 together with requisite deposit, signifying the intention to propose the name of Mr. Jal Patel for appointment as director liable to retire by rotation.

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

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

**ITEM NO.7**

Mr. Shreevardhan Sinha was appointed as an Additional Director with effect from 29-1-2009 pursuant to Section 260 of the Companies Act,1956. Mr. Shreevardhan Sinha holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under section 257 of the Companies Act,1956 together with requisite deposit, signifying the intention to propose the name of Mr. Shreevardhan Sinha for appointment as director liable to retire by rotation.

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

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

By order of the Board of Directors,

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

Date : 2<sup>nd</sup> May, 2009

**Nilesh D. Shelat**  
Company Secretary

**DIRECTORS' REPORT**

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

The Directors have pleasure in presenting their 35<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

**1. FINANCIAL RESULTS**

	<b>31-03-2009</b>	31-03-2008
	<b>(Rs.)</b>	(Rs.)
Profit before Depreciation, & Provision for Taxation	<b>307,741,097</b>	278,596,036
Less: Depreciation	<b>74,182,472</b>	74,276,749
<b>PROFIT BEFORE TAX</b>	<b>233,558,625</b>	204,319,287
Less : Provision for Taxation and Deferred Tax and Fringe Benefit Tax	<b>81,288,340</b>	70,973,935
<b>PROFIT AFTER TAX</b>	<b>152,270,285</b>	133,345,352
Add : Balance brought forward from last year	<b>31,650,839</b>	25,300,375
	<b>183,921,124</b>	158,645,727
<b>APPROPRIATED AS</b>		
Proposed Dividend	<b>23,073,540</b>	23,073,540
Tax on distributed Profit	<b>3,921,348</b>	3,921,348
Transfer to General Reserve	<b>125,000,000</b>	100,000,000
Balance Carried Forward	<b>31,926,236</b>	31,650,839
<b>Total</b>	<b>183,921,124</b>	158,645,727

**2. PERFORMANCE**

During the year under review, the Company has achieved the turnover of Rs.1,480.78 million (previous year Rs.1,190.34 million). The net profit stood at Rs.152.27 million (previous year Rs.133.34 million).

**3. DIVIDEND**

Your directors recommend for your consideration a dividend of Rs. 4/- per share of

Rs. 10/- each for the year ended 31<sup>st</sup> March, 2009.

**4. INSURANCE**

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

**5. FIXED DEPOSITS**

Four Deposits aggregating to Rs.74,000 though matured were not claimed as on 31<sup>st</sup> March 2009.

**6. DIRECTORS**

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

During the year Mr. N. S. Patel and Mr. U. M. Patel Directors, resigned from the Board of Directors of the company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. N. S. Patel and Mr. U. M. Patel.

Mr. Jal Patel and Mr. Shreevardhan Sinha were appointed as Additional Directors w.e.f. 29<sup>th</sup> January 2009 and will hold office upto Annual General Meeting. Notice together with deposit has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing Mr. Jal Patel and Mr. Shreevardhan Sinha's appointments in the ensuing Annual General Meeting as Directors of the Company liable to retire by rotation.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of your Company state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;



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

## **8. MANAGEMENT'S DISCUSSION AND ANALYSIS**

A detailed review of the operations, performance and future outlook of the Company is given in the Management's Discussion and Analysis appearing as Annexure 5 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 : 2<sup>nd</sup> May, 2009

**ANNEXURE –1 TO DIRECTORS’ REPORT- ITEM NO.10**

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors’ Report for the financial year ended 31<sup>st</sup> March 2009.

(A) Name of employees employed throughout the year :

Sr. No.	Name	Age Yrs.	Qualification	Date Of Joining	Designation	Nature Of Duty	Remuneration Received		Experience (yrs)	Last Employment & Designation
							Gross	Net		
1.	Shri P. B. Patel	51	BE (Mech.) M.B.A	01-04-06	Managing Director	Overall Management	116,54,231	78,10,550	33	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	59	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	47,73,058	27,88,668	36	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager-Engg.)
2.	Shri Ravindra Luthra	57	B.E. (Ag.Engg) M.SC (Ag.Engg.)	26-5-04	Vice President	Head- R & D and Production	30,69,563	19,71,071	35	Escorts Construction Equipment Ltd- Head – Product Engg.

**Notes:**

1. The appointments of Mr. Prayasvinbhai Patel, Managing Director and Mr. A. M. Deshpande, Whole-Time Director are contractual.
2. Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company’s contribution to Provident Fund, Superannuation and Gratuity Fund, Retirement Benefits, monetary value of perquisites in accordance with the provisions of the Income Tax Act, 1961.
3. Experience includes number of years service elsewhere, wherever applicable.
4. Mr. Prayasvinbhai Patel, Managing Director of the Company is a relative of Mr. Pradipbhai M. Patel, Director of the Company.

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

Particulars required to be disclosed in the report of Board of Directors pursuant to section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' report for the year ended 31<sup>st</sup> March, 2009.

**[A] Conservation of energy :**

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

**[B] Technology absorption :**

Form B (rule 2)

Research & Development (R&D)

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

1. **Benefit derived as a result of the above R & D:**  
R&D efforts have helped bring out improvements in processes, product design and operating efficiencies. Indigenous development & supply of the underground mining machinery saved the country a sizable amount of foreign exchange, besides availability of machines at shorter notice.
2. **Future plan of action:**  
Continuous measures are being taken to achieve indigenisation of existing machines and efforts are put to introduce new models suitable to Indian mining conditions.
3. **Expenditure:**
  1. Capital : Rs. Nil
  2. Recurring : Rs.70,93,561
  3. Total R & D expenditure

Percentage of total turnover : 0.48 %

**[C] Technology absorption, adaptation & innovation:**

1. Efforts, in brief, made towards technology

absorption, adaptation & innovation.

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

2. **Benefits derived as a result of above efforts.**  
Absorption, adaptation & innovation of imported technology have lead to less dependence on imports of these products. This has saved a considerable amount of foreign exchange & cost of production.
3. **Technology imported**
  - [a] Year of Imports: The company has signed three Collaboration Agreements as mentioned below:
    - (i) Agreement dated 2-7-2004 with Voest-Alpine Bergtechnik Ges.m.b.H., Austria for manufacture of ACM-10-continuous miner.
    - (ii) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.
    - (iii) Agreement dated 12-05-2008 with Huta Stalowa Wola, S. A. Poland for manufacture of 520G Wheel Loader.
  - [b] Whether technology fully absorbed:  
Transfer of Technology for the Front End Loader is absorbed and for rest products it is in progress.

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

1. During the year the Company has received the commission of Rs.11,609,066.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 413,726,695	Rs. 11,609,066

For and on behalf of the Board

**P. B. Patel**  
Managing Director

**A. M. Deshpande**  
Wholetime Director

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2009



## Corporate Governance Report

### ANNEXURE 3 TO THE DIRECTORS' REPORT - ITEM NO.9

#### 1. Company's philosophy

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

#### 2. Board of Directors (the Board)

During the year 2008-2009, four (4) Board Meetings were held i.e. on

26<sup>th</sup> May 2008  
29<sup>th</sup> July 2008  
17<sup>th</sup> October 2008  
29<sup>th</sup> January 2009

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 29th July, 08	No. of other Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public companies	
						Member	Chairman
1	Mr. P. B. Patel	MD (P)	4	Yes	12	Nil	Nil
2	Mr. H. S. Parikh	NED (I)	4	Yes	3	4	4
3	Mr. P. M. Patel	NED (P)	2	Yes	3	4	Nil
4	Mr. N. S. Patel	NED (I)	1	No	Nil	Nil	Nil
5	Mr. U. M. Patel	NED (I)	3	Yes	4	1	Nil
6	Mr. A. M. Deshpande	WTD	4	Yes	1	Nil	Nil
7	Mr. P. C. Amin	NED (P)	4	Yes	7	Nil	Nil
8	Mr. Jal R. Patel	NED (I)	No	No	6	5	2
9	Mr. Sheevardhan Sinha	NED (I)	No	No	Nil	Nil	Nil

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Wholetime Director

Personal Shareholding of Non-Executive Directors is as follows:

No. of Equity shares as at the year end

Mr. P. M. Patel	NIL
Mr. H. S. Parikh	300 Shares
Mr. N. S. Patel	NIL
Mr. U. M. Patel	NIL
Mr. P. C. Amin	1200 Shares
Mr. Jal Patel	Nil
Mr. Shreevardhan Sinha	Nil

**3. Audit Committee**

The composition of the Audit Committee is as under:

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P.M.Patel	Member	NED-P
Mr. P. C. Amin	Member	NED-P
Mr. Jal Patel	Member	NED-I
Mr. Shreevardhan Sinha	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			
	26 <sup>th</sup> May 2008	29 <sup>th</sup> July 2008	17 <sup>th</sup> October 2008	29 <sup>th</sup> January 2009
Mr. H. S. Parikh	Yes	Yes	Yes	Yes
Mr. P. B. Patel	Yes	Yes	Yes	Yes
Mr. P. M. Patel	No	Yes	No	Yes
Mr. N. S. Patel	No	No	Yes	No
Mr. P. C. Amin	Yes	Yes	Yes	Yes
Mr. Jal Patel	No	No	No	No
Mr. Shreevardhan Sinha	No	No	No	No

**4. Remuneration Committee**

The composition of the Remuneration Committee is as under :

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P. C. Amin	Member	NED-P

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 26 <sup>th</sup> May 2008
Mr. H. S. Parikh	Yes
Mr. N. S. Patel	No
Mr. P. B. Patel	Yes
Mr. P. C. Amin	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	250,000 per month	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956	30,00,000+	3 years from 01-04-06 to 31-03-09
				77,00,000	
				107,00,000	
Mr.A.M.Deshpande Wholetime Director	200,000 per month (upto Dec.08)	Nil	1% of net profit of the company or Rs.14.00 Lacs which ever is less per annum.Rs.14.00 Lacs limit is increased to Rs.18.00 Lacs from 01-01-09	24,75,000 +	5 years from 01-01-09 to 31-12-13
	225,000 p.m. (from 1 <sup>st</sup> January,2009)			15,00,000	
				39,75,000	

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	10,000	10,000	20,000
Mr. P. M. Patel	20,000	20,000	40,000
Mr. H. S. Parikh	40,000	50,000	90,000
Mr. U. M.Patel	30,000	Nil	30,000
Mr. P. C. Amin	40,000	50,000	90,000

**5. Investors Grievance Committee / Shareholders Committee**

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

Mr. H. S. Parikh	Member	Non-Executive and Independent Director
Mr. P. B. Patel	Member	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	Nil
ii.	Number of complaints not solved to the satisfaction of the shareholders	Nil
iii.	Number of pending complaints	Nil

**6. General Body Meetings**

Year	Venue	Date	Time
2007-2008	Registered Office at Vallabh Vidyanagar, Gujarat	29-07-2008	03.00 p.m.
2006-2007	-do-	16-07-2007	03.30 p.m.
2005-2006	-do-	12-09-2006	11.00 a.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.	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.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 | Thursday, the 30 <sup>th</sup> July 2009 at 11.00 a.m. at Regd. Office<br>Vallabh Vidyanagar |
| ii.  | Financial year             | 2008-2009 (year ending 31-03-2009)   |
| iii. | Book Closure Date          | 1 <sup>st</sup> July 2009 to 7 <sup>th</sup> July 2009 (both days inclusive)                 |
| iv.  | Dividend payment date      | 1 <sup>st</sup> August 2009  |

v. Listing on Stock Exchanges

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

Bombay Stock Exchange Limited  
P. J. Towers  
25<sup>th</sup> Floor  
Dalal Street  
Mumbai – 400 001

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

The listing fee for the year 2008-2009 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 :

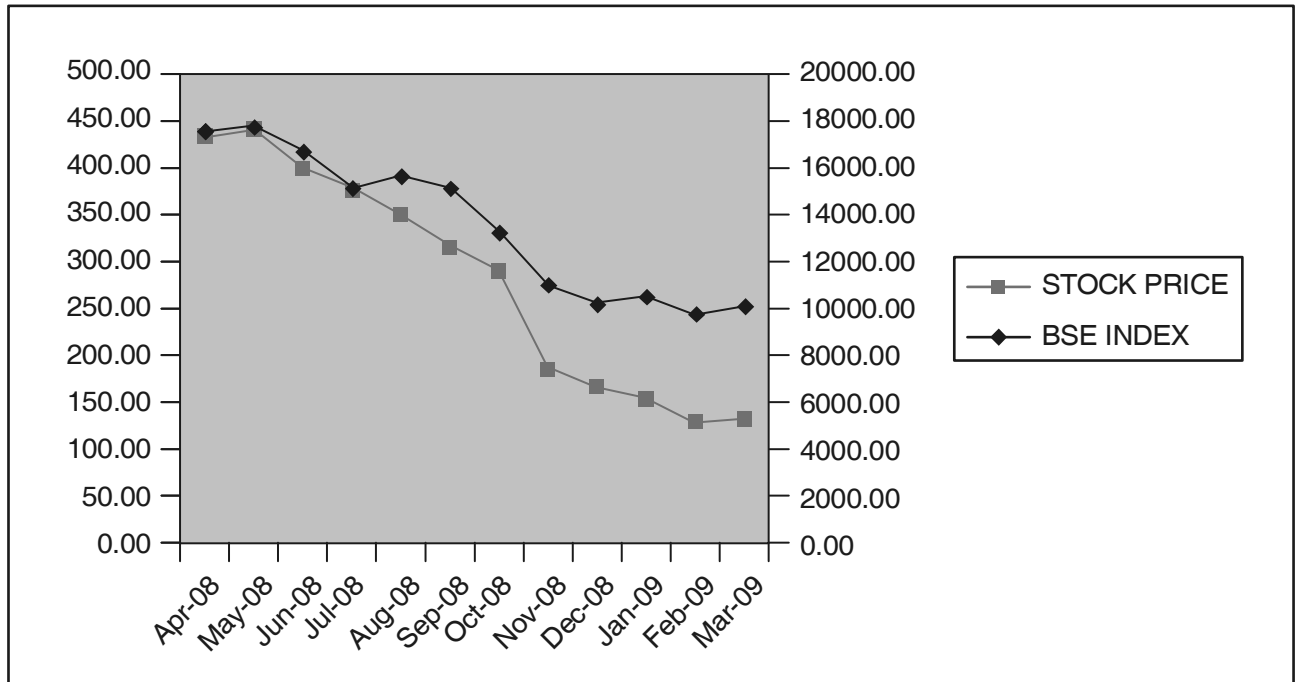
Name of the Stock Exchange	Code No.
Bombay Stock Exchange Ltd.	523708
National Stock Exchange of India Ltd.	EIMCOELECO EQ
ISIN No. for Shares in Demat mode	INE 158B01016

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 2008	433.00	306.00	12732	17480.74	15297.96	450.00	318.00	6933
May 2008	440.00	356.00	6053	17735.70	16196.02	449.00	360.15	8471
Jun 2008	399.00	327.00	12622	16632.72	13405.54	399.00	314.00	10079
Jul 2008	375.00	248.00	6837	15130.09	12514.02	398.90	255.60	4809
Aug 2008	349.00	286.00	3494	15579.78	14002.43	345.00	282.10	2998
Sep 2008	315.00	252.10	18393	15107.01	12153.55	315.00	246.00	3601
Oct 2008	287.90	151.50	54523	13203.86	7697.39	294.50	165.00	48333
Nov 2008	185.00	125.25	3214	10945.41	8316.39	180.00	116.10	2234
Dec 2008	167.80	128.00	2382	10188.54	8467.43	173.00	121.10	4116
Jan 2009	154.70	121.75	32473	10469.72	8631.60	153.00	120.30	9303
Feb 2009	129.95	111.45	7449	9724.87	8619.22	131.50	113.05	1133
Mar 2009	132.25	99.10	46767	10127.09	8047.17	134.00	97.55	7022



## viii. Index graph



## ix. Share Transfer System

No. of Transfers during the year : 26  
 No. of Shares transferred : 2700

## x. Distribution of shareholding as on 31-03-2009 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-250	4253	91.60	405386	7.03
251-500	193	4.16	70646	1.22
501-1000	76	1.64	62609	1.09
1001-2000	40	0.86	53620	0.93
2001-3000	18	0.39	46623	0.81
3001-4000	10	0.21	34915	0.60
4001-5000	11	0.24	51069	0.89
5001-10000	18	0.39	128395	2.22
10001 & above	24	0.51	4915122	85.21
<b>Total</b>	<b>4643</b>	<b>100.00</b>	<b>5768385</b>	<b>100.00</b>

xi. Shareholding Pattern as at 31<sup>st</sup> March 2009

	Category	No. of shares held	% of Shareholding
<b>A</b>	<b>Promoter's holding</b>		
1.	-Indian promoters	2815815	48.8146
	-Foreign Promoters	1447875	25.1002
2.	-Persons acting in concert	8030	0.1392
	Sub-total	4271720	74.0540
<b>B.</b>	<b>Non-Promoters Holding</b>		
3.	Institutional investors		
a.	Mutual Funds and UTI Banks, Financial Institutions Insurance companies (Central/State Government Institutions / Non-Government Institutions)	384570 400	6.6669 0.0069
b.	Foreign Institutional Investors	Nil	Nil
	Sub-total	384970	6.6738
4.	Others		
a.	Private corporate bodies	178254	3.0902
b.	Indian Public	910915	15.7915
c.	Non-Resident Indians	17724	0.3073
d.	Any other	4802	0.0832
	Sub-total	1111695	19.2722
	<b>GRAND TOTAL</b>	<b>5768385</b>	<b>100.00</b>

xii. Dematerialization of shares and liquidity.

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

As on 31<sup>st</sup> March 2009, 71.89% (4146945 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 :  
Link Intime India Pvt. Ltd.  
(Formerly M/s. Intime Spectrum Registry Ltd.)  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W)  
Mumbai - 400 078

Vadodara Office :  
Link Intime India Pvt. Ltd.  
(Formerly M/s. Intime Spectrum Registry Ltd.)  
1<sup>st</sup> 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. Mr. H. S. Parikh

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

Mr. H. S. Parikh is a Chartered Accountant and 82 years of age. His Directorships and committee Memberships of other companies are as under.

Company	Position	Committee Memberships	Chairman/Member
Elecon Engineering Co. Ltd.	Director	Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee	Chairman Member Chairman
Simplex Castings Ltd.	Director	Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee	Member Member Member
Supreme Industries Ltd.	Director	Audit Committee Remuneration Committee	Chairman Chairman

2. Mr. P.C.Amin

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

Mr. P.C.Amin is 54 years old and holds Masters Degree in Finance from the University of Wisconsin. He also holds a Master Degree in engineering and Management from the Birla Institute of Technology & Science, Pilani, India. His other Directorships and Committee Memberships of other companies are as follows :

Company	Position	Committee Memberships	Chairman/Member
Elecon Engineering Co. Ltd.	Director	Nil	Nil
Ringspann Elecon(India) Ltd.	Director	Nil	Nil
Akaaish Mechatronics Ltd.	Director	Nil	Nil
Emtici Engineering Ltd.	Whole-time Director	Nil	Nil
Prayas Engineering Ltd.	Director	Nil	Nil
Elecon Information Technology Ltd.	Director	Nil	Nil
Power Build Ltd.	Director	Nil	Nil

3. Mr. Jal Patel

Mr. Jal Patel was appointed as an additional Director of the company with effect from 29-01-09. Professional Qualification of Mr. Jal Patel is Chartered Accountant and Company Secretary. Mr. Jal Patel had been the Managing Director and Non-Executive Chairman of FAG Bearings Ltd. He is also a Trustee in many charitable organizations.



Mr. Jal Patel's Directorships in other companies are as under :

<b>Company</b>	<b>Position</b>	<b>Committee Memberships</b>	<b>Chairman/Member</b>
Gujarat Gas Co. Ltd.	Director	Audit Committee Shareholders Grievance Committee	Chairman Member
ABC Bearings Ltd.	Director	Audit Committee	Chairman
Mipco Seamless Rings(Gujarat) Ltd.	Director	Audit Committee	Member
Shri Dinesh Mills Ltd.	Director	Shareholders Grievance Committee	Member
Ineos ABS Ltd.	Director	Audit Committee	Member
Munjal Auto Industries Ltd.	Director	Audit Committee	Member

4. Mr. Shreevardhan Sinha

Mr. Shreevardhan Sinha was appointed as an additional Director of the company with effect from 29-01-09. Mr. Sinha is graduated from the National Law School of India, Bangalore in 1998 and is admitted to practice law in India. He is a member of Bar Council of India, the Bar Council of Maharashtra & Goa, and the Bombay Bar Association.

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

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirement of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and senior management personnel have affirmed Compliance with the code of Conduct for the year ended 31<sup>st</sup> March, 2009.

Mumbai  
2<sup>nd</sup> May, 2009

**P. B. Patel**  
Managing Director



---

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

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

We have examined the compliance of conditions of corporate governance by Eimco Elecon (India) Ltd. for the year ended 31<sup>st</sup> March, 2009, 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, 2009, there were no investor grievance matters against the company remaining unattended/pending for more than 30 days.

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

For TALATI & TALATI  
Chartered Accountants

Place : Ahmedabad  
Date : 2<sup>nd</sup> May, 2009

Rajesh Somani  
Partner  
M.No.128642

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

The Indian coal industry is the fourth largest in terms of coal reserves and third largest in terms of coal production in the world. But despite its huge resource base, till date, India has not been able to minimize its coal deficit. At current rates of production, India has enough coal for the next 215 years.

India's industrial heritage was built upon indigenous coal, largely mined in the eastern and the central regions of the country. Coal is the most important & abundant fossil fuel in India and accounts for 75 % of India's energy need. About 75% of the coal in India is consumed in the power sector. In addition, other industries like steel, cement, fertilizers, chemicals, paper and thousands of medium and small-scale industries are also dependent on coal for their process and energy requirements.

With a GDP growth rate of 6 to 8 percent, and an estimated energy elasticity of 0.80, the energy requirements of India are expected to grow at 4.8 - 6.4 percent per annum over the next few years. This implies a four-fold increase in India's energy requirement over the next 25 years.

According to the International Energy Agency projections, coal will remain the dominant fuel in India's energy mix through to 2030. Demand is projected to grow from 550 MT in 2008-09 to 2223 MT in 2030-31. The rate of growth implied in this forecast of coal demand is around 6.50% per year as against 5.2% achieved in the past 25 years.

Country's largest coal producer Coal India Ltd., with a modest coal production of 79 MT at its inception and increasing its production, sustaining growth, over years and ended the fiscal 2008-09 with a production of 403 MT and committed to produce 520 MT by 2011-12.

**FUTURE SCENARIO**

In terms of total coal and lignite production, India ranks third in the world. About 7-10% of the domestic coal demand is met through imports. Given that coal

accounts for 75% of the energy mix and given the country's abundant coal deposits, the fuel will continue to play a dominant role in the economy.

The demand for Coal was pegged about 730 MT by the Working Group of the Planning Commission whereas the India's total coal production around 680 MT for the terminal year of 2007-12 Plan. The fuel consumption level is likely to go up with expansion of capacity of Power generation.

After deregulations and the reforms in the coal sector, there are considerable opportunities for private players as well as foreign investors to invest in the Indian coal sector. A total 229 coal blocks with Geological Reserve of about 50 billion tonnes identified for allocation for captive operation, out of which 189 coal blocks with reserves of 41.80 billion tonnes have been allotted to 56 public sector companies and 96 private sector companies. A very ambitious programme of achieving 104 MT by 2011-12 from captive mining blocks is envisaged in XI five year-Plan.

Indian coal production reached 486 MT in 2008-09 with a contribution of 38 MT by Private Player. Subsidiaries of Coal India Ltd. and Singareni Collieries Company Limited operate 473 (283 underground, 155 opencast and 35 mixed mines) and 50 (37 underground and 13 opencast mines) mines respectively. Private Mine player contribute 7.8% in India's coal production, and which was 3.7% in 2001-02.

Coal India Ltd., the country's largest coal producer, has assured supply of 313 MT of the fuel to power firms under the long-term fuel-supply agreement for 2009-10. About 1,120 companies including steel and cement firms have already signed the fuel-supply agreement with Coal India Ltd.

In order to enhance its production, Coal India Ltd., has indentified 122 coal projects for the eleventh five year plan period with an ultimate capacity 295 MT/Y. of these, 31 are underground mining projects and 91 are opencast ones. About 24 projects with a capacity of 64.35 MT/Y are in various stages of



implementation.

At present in Coal India Ltd., has a mix of manual, semi-mechanized and mechanized underground mines, and intends to move towards various state-of-the-art technologies with higher mechanization. The thrust areas expected to be the replacement of the intermediate technology with higher degrees of mechanization like, Continuous Miner technology, Underground Drilling Machines, higher capacity of Load Haul Dump etc.

The Ministry of Coal has emphasized the production of coal from underground mining by introduction of modern methods of mining, which have been successfully adopted in other countries. This will help to increase productivity and will reduce the production cost in underground mines. This will also help recovery percentage of the coal from underground mines. The Committee, has recommended the launch of a specially designed "UG COAL INITIATIVE" to increase the share of underground mine production in the country from the present limit of 10% to 25 % in the next fifteen years time period.

Coal India Ltd. had floated a global expression of interest (EoI) in May, inviting bids for underground mining jointly with the Coal India Ltd. or its subsidiaries. The private players enter into the joint ventures would have access to only 50 percent of the total production.

Coal India Ltd. has worked out a capex plan of Rs 18,000 crore to be invested during the Eleventh and Twelfth Plan periods for implementing fresh 119 coal mining projects across the country. Coal India Ltd. plans to raise production to 520.5 MT by the end of the Eleventh Plan. In the Twelfth Plan period, it has projected a target production of 664 MT.

Your company is being pioneer in Underground Mining Equipment and first to introduce Side Discharge Loaders & Load Haul Dumpers in country coal mines mechanization account long back, took a timely decision to meet challenges of future by introduction of Continuous Miner in past and new Underground Drills for Mechanization of underground coal mines in India for higher productivity.

Your company has also entered into a new area of manufacture of Mining Equipment by introducing 160 mm Rotary Blast Hole Drills for Opencast Mining operations. It is expected that the new

products would result in increased business commensurate with the growth of the segment.

### **NON – COAL MINING**

An investment of the order of Rupees 250-500 billion is expected in the Indian mining sector in the next five years with focus on certain key minerals like copper, zinc, uranium, iron ore, manganese, bauxite and limestone. It is expected that copper, zinc, gold, uranium and manganese should continue to do well in the current financial year.

As a first step to tap potential of this growing industry in future, your company has entered into marketing arrangement with a European manufacturer for bigger capacity of Dumpers and Loaders for Underground Metal Mines. Your company has also plans to manufacture these higher capacity Mining equipment in India depending on future potential.

### **CONSTRUCTION**

Today, India is the second fastest growing economy in the world. The Indian construction industry is an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living.

In India, construction is the second largest economic activity after agriculture.

Construction accounts for nearly 65 per cent of the total investment in infrastructure and is expected to be the biggest beneficiary of the surge in infrastructure investment over the next five years. Investment in construction accounts for nearly 11 per cent of India's Gross Domestic Product (GDP). Rupees 16,154.43 billion is likely to be invested in the infrastructure sector over the next 4 to 9 years - in power, roads, bridges, city infrastructure, ports, airports, telecommunications, which would provide a huge boost to the construction industry as a whole.

Despite its significance as an economic driver, the sector is scattered, unorganized and underemphasized in its nature. As a result, it displays low productivity, attracts inadequate investment and delivers inferior quality. Only recently has there been an attempt by the industry and government to jointly address issues, set priorities and

build a framework for improvement because projects are also increasing in size and complexity.

Your Company is in the business of manufacturing Underground Mining Loaders. The infrastructure facilities available at your company are adequate to manufacture Front End Loaders for any kind of application. Apart from above our man power is trained to cater to the service and parts requirement of any customer related to front end loader. In view of above manufacturing of front end loader for construction application was a natural extension of our existing activities. Manufacturing of front end loader for construction application will not call for any investment either in manufacturing infrastructure or training of personnel.

#### **FUTURE SCENARIO**

India's booming infrastructure sector is fuelling demand for all kinds of construction equipment. Before the opening up of the Indian economy, and the entry of international majors, much of infrastructure development and construction in the real estate sector was done manually. But with the infrastructure and construction sectors undergoing dramatic changes – with 60-storeyed sky-scrapers being built in cities like Mumbai, and thousands of kilometers of expressways and highways being laid across the subcontinent - builders and contractors are acquiring sophisticated equipment to execute the multi-million-dollar projects. For the construction equipment sector, which has adapted rapidly to the changed scenario, this is indeed good news, as it paves the way for an exciting future.

Construction industry is expected to witness effective investment over Rs.10,000 billion during the 11th five year plan. The biggest chunk of this, 29% will be in power, followed by 21% in railways and 18% in roads and bridges. Construction is the second largest economic activity in the country next to agriculture. In 2007- 08, Construction sector contributed about 8.5% to the country's GDP. Over past 3 years, construction as a percentage of GDP has increased from 8.0% in 2005-06 to 8.5% in 2007-08. The multiplier factor between growth rates of construction and GDP has been about 1.5X-1.6X.

The construction equipment is among the main beneficiaries of the boom in construction. Construction equipment constitutes the biggest component of construction costs only after construction materials, which is the 30-50% of the total cost. The present size of construction equipment industry is Rupees 107 billion and has grown at a rate of over 30%. The industry is further expected to grow at a rate of 15-20% over the next year.

Wheel Loaders are commonly used in construction, civil engineering and quarrying sectors for handling materials around sites. There are various reasons for the growth in Loaders market, the most fundamental being the economic reforms and the expansion of private contractual work in the mining and quarrying sectors, change in working habits with the use of mechanical handling replace manual labor.

#### **OPPORTUNITY AND THREATS**

Your company has got the approval for regular manufacture & business of 160 mm Rotary Blast Hole Drills for opencast coal mines operations. Your company has already launched state-of-the-art Wheel Loader Model AL 120 in previous financial year and now set to launch bigger size of Wheel Loader. This will inflate the business in this new segment for your company and will also reduce the company's dependency on government client to considerable extent in future. In the current financial year, your company is going to start the regular production of Model ACM 10 Continuous Miner for Underground Coal Mines. Your company has already completed successfully field trials of Model 611 Underground Drill and in the current financial year going to manufacture for regular supply to coal companies.

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



Threat will continue to hover from International Mining Equipment manufacturers consequent to Globalization. These manufacturers are planning to establish their presence in India. We are planning to combat this threat by optimizing resources.

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

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

### **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 is almost entirely dependent virtually on 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 low priced & lower technology products.

Your company, at the moment, is catering to the requirements of institutional customers namely the mining companies. With the introduction of Loader for Construction application your company would be expanding its customer base from institutional to individuals. In order to cater to the enlarged customer segment we need to create extensive distribution network. The creation of effective distribution network throughout the country would take a little longer time and therefore gestation period for realising sales of sizable quantities of construction equipment may be slightly longer.

### **INTERNAL CONTROL SYSTEM**

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

### **DEVELOPMENTS ON HUMAN RESOURCE/ INDUSTRIAL RELATIONS FRONT**

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

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

Sales & Other income for the year ended 31<sup>st</sup> March, 2009 were Rs.1480.78 million as compared to Rs.1190.34 million on 31<sup>st</sup> March, 2008. The net profit stood at Rs.152.27 million (previous year Rs.133.34 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 of  
Eimco Elecon (India) Ltd.  
Anand-Sojitra Road  
Vallabh Vidyanagar – 388 120  
Dist. Anand, Gujarat

1. We have audited the attached Balance Sheet of **Eimco Elecon (India) Ltd.** as at 31<sup>st</sup> March 2009, 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 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009.
    - (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 : 2<sup>nd</sup> May, 2009

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

**ANNEXURE****RE: Eimco Elecon (India) Ltd.**

Vallabh Vidhyanagar- 388 120  
Gujarat

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any major part of the Fixed Assets.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of the company, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) During the year the company has not given any loans secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence Clause (iii) (b),(c),(d) are not applicable to the company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no continuing failure to correct major weaknesses has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of 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.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were



outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.

- (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.76,64,404/- and in case of Excise Duty of Rs.170,52,265/- which have not been paid as the same is under dispute. This dispute is pending with Commissioner (Appeals).
- (x) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the banks.
- (xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and explanations given to us the company has not given any guarantee during the year for loans taken by others from financial institutions or banks.
- (xvi) The term loans have been applied for the purpose for which they were raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no significant funds raised on short-term basis have been used for long-term investment by the company.
- (xviii) The company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Act.
- (xix) During the period covered by our audit report, the company has not issued any debentures.
- (xx) The company has not raised any money out of public issue. Moreover, the company has not received any fresh public deposit during the year.
- (xxi) We report that no material fraud on or by the company has been noticed or reported during the course of our audit.

For TALATI & TALATI  
Chartered Accountants

AHMEDABAD  
DATE : 2<sup>nd</sup> May, 2009

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

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	Amount Rupees	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	1,133,098,111		1,007,822,714
			<b>1,190,781,961</b>	<b>1,065,506,564</b>
<b>Loan Funds</b>				
Secured Loans	3	29,480,510		25,467,181
Unsecured Loans	4	173,643,089		47,385,439
			<b>203,123,599</b>	<b>72,852,620</b>
Deferred Tax Liability (Net)			<b>35,322,544</b>	<b>45,102,039</b>
<b>Total ...</b>			<b>1,429,228,104</b>	<b>1,183,461,223</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Less: Depreciation	5	938,061,413		900,674,674
Net Block		576,488,852		503,351,885
Capital Work in Progress		361,572,561		397,322,789
Net Block		-		4,072,321
			<b>361,572,561</b>	<b>401,395,110</b>
<b>Investments</b>				
	6		<b>38,541,226</b>	<b>89,590,905</b>
<b>Current Assets, Loans and Advances</b>				
Inventories	7	697,978,152		480,206,735
Sundry Debtors		533,556,301		255,232,460
Cash and Bank Balances		26,701,735		49,671,837
Loans and Advances		80,167,065		57,977,352
		<b>1,338,403,253</b>		<b>843,088,384</b>
<b>Less : Current Liabilities and Provisions</b>				
Current Liabilities	8	276,423,926		117,585,332
Provisions		32,865,010		33,027,844
		<b>309,288,936</b>		<b>150,613,176</b>
<b>Net Current Assets</b>			<b>1,029,114,317</b>	<b>692,475,208</b>
<b>Total ...</b>			<b>1,429,228,104</b>	<b>1,183,461,223</b>
<b>Notes to the Accounts</b>	14			

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

UMESH H. TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 2<sup>nd</sup> May, 2009

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 : 2<sup>nd</sup> May, 2009

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	Amount Rupees	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
<b>INCOME</b>				
<b>Gross Sales</b>			<b>1,519,851,910</b>	1,232,818,621
Less: Excise Duty			<b>82,714,600</b>	70,038,595
<b>Net Sales</b>			<b>1,437,137,310</b>	1,162,780,026
Other Income	<b>9</b>		<b>43,651,641</b>	27,564,926
Total Income			<b>1,480,788,951</b>	1,190,344,952
<b>EXPENDITURE</b>				
Manufacturing Expenses	<b>10</b>	<b>796,448,735</b>		643,845,277
Employees Cost	<b>11</b>	<b>69,540,679</b>		52,865,752
Administrative, Selling and Other Expenses	<b>12</b>	<b>298,290,241</b>		212,957,933
Interest Expenses	<b>13</b>	<b>8,768,199</b>		10,094,154
Depreciation		<b>74,182,472</b>		74,276,749
			<b>1,247,230,326</b>	994,039,865
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>			<b>233,558,625</b>	196,305,087
Add. Income from Extraordinary items : Profit On Sale Of Investment			-	8,014,200
<b>PROFIT BEFORE TAX</b>			<b>233,558,625</b>	204,319,287
Provision for Current Tax (Including Wealth Tax)			<b>89,556,628</b>	75,500,000
Provision for Deferred Tax			<b>(9,779,495)</b>	(6,519,298)
Provision for Fringe Benefit Tax			<b>1,511,207</b>	1,993,233
<b>PROFIT AFTER TAX</b>			<b>152,270,285</b>	133,345,352
Add: Balance brought forward			<b>31,650,839</b>	25,300,375
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>183,921,124</b>	158,645,727
<b>APPROPRIATIONS</b>				
Proposed Dividend			<b>23,073,540</b>	23,073,540
Tax on distributed profits			<b>3,921,348</b>	3,921,348
Transfer to General Reserve			<b>125,000,000</b>	100,000,000
Balance Carried forward			<b>31,926,236</b>	31,650,839
			<b>183,921,124</b>	158,645,727
<b>Notes to the Accounts</b>	<b>14</b>			
Earnings per share(Rs.) Basic & Diluted (Nominal Value of Equity Shares Rs.10 each)			<b>26.40</b>	23.12

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  
Wholetime Director

Ahmedabad  
Date : 2<sup>nd</sup> May, 2009

Mumbai  
Date : 2<sup>nd</sup> May, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	AMOUNT RS. 31.03.2009	AMOUNT RS. 31.03.2008
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items:	233,558,625	196,305,087
<b>Add:</b>		
1) Depreciation	74,182,472	74,276,749
2) Interest Paid	8,768,199	10,094,154
3) Loss on sale of Fixed Assets	-	157,367
	<u>82,950,671</u>	<u>84,528,270</u>
<b>Less:</b>		
1) Interest Received	415,435	4,058,380
2) Dividend Received	2,772,984	1,094,214
3) Gratuity provision adjustment from General Reserve	-	3,566,911
	<u>3,188,419</u>	<u>8,719,505</u>
<b>Operating profit before change in working capital</b>	<u>313,320,877</u>	<u>272,113,852</u>
<b>Changes in Working Capital</b>		
<b>Add / (Less) :</b>		
1) Inventories	(217,771,417)	23,518,744
2) Trade payable	159,379,350	(13,403,946)
3) Trade receivables	(278,323,841)	30,869,747
4) Loans and Advances	(17,161,562)	(5,613,316)
	<u>(353,877,470)</u>	<u>35,371,229</u>
<b>Cash generated from operation</b>	<u>(40,556,593)</u>	<u>307,485,081</u>
<b>Less :</b>		
1) Income Tax (Net)	96,799,576	73,138,634
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<u><u>(137,356,169)</u></u>	<u><u>234,346,447</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
1) Sale of Fixed Assets	279,579	597,414
2) Sale of Investments (Net)	52,049,677	13,714,200
3) Interest Received	415,435	4,058,380
4) Dividend Received	2,772,984	1,094,214
	<u>55,517,675</u>	<u>19,464,208</u>
<b>Less:</b>		
1) Purchase of Fixed Assets	34,639,502	27,058,067
2) Purchase of Investments	1,000,000	71,573,991
	<u>35,639,502</u>	<u>98,632,058</u>
<b>NET CASH INFLOW / (UTILISED) IN INVESTING ACTIVITIES (B)</b>	<u><u>19,878,173</u></u>	<u><u>(79,167,850)</u></u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009 (Contd.)**

	AMOUNT RS. 31.03.2009	AMOUNT RS. 31.03.2008
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
<b>Inflow :</b>		
1) Proceeds from borrowings (Net)	<u>184,151,615</u>	-
	<b>184,151,615</b>	-
<b>Outflow:</b>		
<b>Less:</b>		
1) Repayment of borrowings - Secured Loans	25,467,181	137,500,000
2) Repayment of borrowings - Unsecured Loans	28,413,454	24,486,978
3) Interest paid	8,768,199	10,094,154
4) Dividend Paid	<u>26,994,888</u>	<u>26,994,888</u>
	<b>89,643,722</b>	199,076,020
<b>NET CASH GENERATED/(UTILISED) IN FINANCIAL ACTIVITIES (C)</b>	<u><b>94,507,893</b></u>	<u>(199,076,020)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(22,970,103)</b>	(43,897,423)
Cash and Cash Equivalents as at 01/04/2008	<u>49,671,838</u>	93,569,261
Cash and Cash Equivalents as at 31/3/2009	<u><b>26,701,735</b></u>	<u>49,671,838</u>

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

UMESH H.TALATI  
Partner  
Membership No.34834

Ahmedabad  
Date : 2<sup>nd</sup> May, 2009

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 : 2<sup>nd</sup> May, 2009

**SCHEDULES FORMING PART OF THE ACCOUNTS**

<b>SCHEDULE - 1</b>	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>SHARE CAPITAL</b>		
Authorised :		
10,000,000 Equity shares of Rs.10 each	<b>100,000,000</b>	100,000,000
Issued :		
5,768,386 Equity shares of Rs.10 each	<b>57,683,860</b>	57,683,860
Subscribed and Paid up :		
5,768,385 Equity shares of Rs.10 each	<b>57,683,850</b>	57,683,850
<b>Total ..</b>	<b><u>57,683,850</u></b>	<b><u>57,683,850</u></b>

**Note :**

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

<b>SCHEDULE - 2</b>	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per Last Balance Sheet	<b>291,000</b>	291,000
<b>Share Premium</b>		
As per Last Balance Sheet	<b>75,383,000</b>	75,383,000
<b>General Reserve</b>		
As per Last Balance Sheet	<b>900,497,875</b>	802,852,393
Less: Gratuity Liability ( Net of Tax of Rs.1212393/- )	-	2,354,518
Add : Transferred from Profit & Loss Account	<b>125,000,000</b>	100,000,000
	<b><u>1,025,497,875</u></b>	<b><u>900,497,875</u></b>
<b>Surplus as per Profit &amp; Loss Account</b>	<b>31,926,236</b>	31,650,839
<b>Total ..</b>	<b><u>1,133,098,111</u></b>	<b><u>1,007,822,714</u></b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Cash Credit - State Bank of India	<b>16,480,510</b>	-
Term Loan from State Bank of India	<b>13,000,000</b>	25,467,181
<b>Total ..</b>	<b><u>29,480,510</u></b>	<b><u>25,467,181</u></b>

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

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

	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	<b>18,971,984</b>	34,084,063
Buyer's credit from Banks	<b>104,671,105</b>	13,301,376
Short Term Loans From Bank	<b>50,000,000</b>	-
<b>Total ..</b>	<b><u>173,643,089</u></b>	<b><u>47,385,439</u></b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 5

#### FIXED ASSETS

Amount in Rs.

A S S E T S	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at 1st April 2008	Additions during the year	Deduction during the year	As at 31st March 2009	As at 1st April 2008	For the year	On Deduction/ Adjust- ment	As at 31st March 2009	As at 31st March 2008
Freehold Land	1,925,793	-	-	1,925,793	-	-	-	1,925,793	1,925,793
Buildings	43,085,514	6,070,316	-	49,155,830	18,724,295	2,645,577	-	21,369,872	24,361,219
Plant & Machinery	785,230,793	4,626,024	-	789,856,817	446,945,421	61,904,013	-	508,849,434	338,285,372
Plant & Machinery (Leased)	3,785,280	-	-	3,785,280	3,667,726	-	-	3,667,726	117,554
Electric Fittings	6,717,464	20,497	-	6,737,961	4,202,493	354,136	-	4,556,629	2,514,971
Office Equipments and Airconditioners	12,417,814	1,224,339	-	13,642,153	7,630,384	806,053	-	8,436,437	4,787,430
Furniture and Fixtures	22,742,082	183,407	-	22,925,489	14,608,012	1,681,681	-	16,289,693	8,134,070
Vehicles	9,854,280	16,608,808	1,325,084	25,138,004	4,374,636	1,646,083	1,045,505	4,975,214	5,479,644
Intangible Assets (Technical know how)	14,915,654	9,978,432	-	24,894,086	3,198,918	5,144,929	-	8,343,847	11,716,736
<b>TOTAL</b>	900,674,674	38,711,823	1,325,084	938,061,413	503,351,885	74,182,472	1,045,505	576,488,852	397,322,789
<b>Previous Year</b>	871,239,415	32,184,506	2,749,247	900,674,674	430,540,842	74,276,749	1,465,706	503,351,885	440,698,577
<b>Capital Work - in-Progress</b>								-	4,072,321
								361,572,561	401,395,110





**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.3.2009 Rupees	As at 31.3.2008 Rupees
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>(Long term, unless otherwise stated)</b>		
<b>Debentures/Bonds (Non-Trade, Quoted)</b>		
6.75% Tax free 19900 Bonds in US-64 Scheme of Unit Trust of India ( Redeemed During the Year)	-	1,990,000
<b>Trade Investmens : Unquoted</b>		
- Wizard Fincap Ltd. (249500 Shares of Rs.10/- each)	2,495,000	2,495,000
- Eimco Elecon Electrical Ltd.(510000 shares of Rs.10/- each) (100000 Equity shares received during the year )	5,100,000	4,100,000
- Madhuban Spa Resort Ltd. (12000 shares of Rs.10/- each)	120,000	120,000
- Power Build Ltd. (140000 10% Cumulative Redeemable Convertible Preference shares of Rs.100/- each)	14,000,000	14,000,000
	<b>21,715,000</b>	<b>20,715,000</b>
<b>Other Investments :</b>		
<b>Non Trade Investments : Quoted</b>		
- 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
- Grasim Industries Ltd.(1000 shares of Rs.10/- each)	1,083,728	1,083,728
- Great Offshore Ltd. (1000 shares of Rs.10/- each )	-	-
- 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. (2550 shares of Rs.10/- each)	1,809,741	1,812,863
- Reliance Communications Limited ( 3700 Shares of Rs. 10/-)	820,683	821,595
- Reliance Capital Ltd. (110 shares of Rs.10/- each )	-	-
- Reliance Infrastructure (165 shares of Rs.10/- each )	-	-
- Reliance Natural Resources Ltd. ( 2200 shares of Rs.10/- each )	-	-
- State Bank of India (3500 shares of Rs. 10/- each)	2,986,499	2,051,101
- State Bank of India Application Money for Right offer	-	954,000
- Tata Chemicals Ltd. (10000 shares of Rs.10/- each)	1,128,848	1,128,848
- Tata Iron and Steel Co. Ltd. (10200 shares of Rs.10/- each)	2,654,132	2,685,944
- Tata Iron and Steel Co. Ltd. (6750 Cumulative Comulsory Convertible Preference Shares of Rs.100/- each)	675,000	675,000
- Tata Power Ltd. (5000 shares of Rs.10/- each)	1,410,000	1,410,000
- Larsen & Toubro Ltd. (500 shares of Rs.2/- each) ( 250 Bonus shares received during the year )	877,089	880,130
- Siemens Ltd. (900 shares of Rs.2/- each)	797,866	800,055
	<b>16,823,701</b>	<b>16,883,380</b>
<b>(Aggregate Market value of Quoted investment Rs. 2,35,15,449/- P.Y Rs. 4,13,05,455/-)</b>		
<b>INVESTMENT IN MUTUAL FUND</b>		
ICICI Prudential Liquid Plan (Redemeed during the year)	-	30,000,000
Reliance Monthly Interval Fund (Redemeed during the year)	-	20,000,000
	-	50,000,000
<b>UNQUOTED ( Non -Trade)</b>		
Charotar Gas Sahakari Mandali	2,525	2,525
<b>Total ..</b>	<b>38,541,226</b>	<b>89,590,905</b>

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

	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>A. CURRENT ASSETS</b>		
<b>Inventories (As taken, valued and certified by the Management)</b> (Refer Note No.1(e) pertaining to Accounting Policy)		
Raw Materials	48,611,279	32,007,336
Work in progress	95,917,463	118,071,943
Finished Goods	32,725,839	11,626,093
Spares and Components	516,875,849	318,501,363
Goods in Transit	3,847,722	-
<b>Total ..</b>	<b>697,978,152</b>	<b>480,206,735</b>
<b>Sundry Debtors</b> (Unsecured considered good)		
Exceeding six months	28,666,184	27,550,539
Other Debtors	504,890,117	227,681,921
<b>Total ..</b>	<b>533,556,301</b>	<b>255,232,460</b>
<b>Cash and Bank Balance</b>		
Cash on Hand	39,791	51,375
Balances with Scheduled Banks		
In Current Accounts	20,540,062	43,499,522
In Unpaid Dividend Accounts	1,121,882	1,120,940
In Short Term Deposit Account	5,000,000	5,000,000
<b>Total ..</b>	<b>26,701,735</b>	<b>49,671,837</b>
<b>B. Loans and Advances</b> (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	10,941,961	17,092,028
Interest Receivables	432,879	408,002
Advances to Suppliers	9,412,165	24,149,312
Balance with Excise, Customs Authorities	54,351,909	16,328,010
Income Tax and FBT	426,189,219	-
Less : Provisions	421,161,068	-
	5,028,151	-
<b>Total..</b>	<b>80,167,065</b>	<b>57,977,352</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	<b>As at 31.3.2009 Rupees</b>	<b>As at 31.3.2008 Rupees</b>
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	270,670,655	114,908,030
Interest Accrued but not due	906,095	83,893
Unpaid Interest	139,791	115,977
Advance from Customers	3,483,281	1,254,250
<b>Investor Protection Fund Shall be credited by the following amounts namely :</b>		
Unclaimed Dividend	1,121,862	1,120,940
Unclaimed Deposits	74,000	74,000
Unpaid Interest on Unclaimed Deposits	28,242	28,242
<b>Total..</b>	<b>276,423,926</b>	<b>117,585,332</b>
<b>Provisions</b>		
Provision for Leave Encashment	5,870,122	5,329,366
Proposed Dividend	23,073,540	23,073,540
Dividend Tax	3,921,348	3,921,348
Income Tax and FBT Provision	-	328,251,232
Less : Advance Tax Paid	-	327,547,642
	-	703,590
<b>Total..</b>	<b>32,865,010</b>	<b>33,027,844</b>
<b>SCHEDULE - 9</b>		
	<b>For the Year ended 31.03.2009 Rupees</b>	<b>For the Year ended 31.3.2008 Rupees</b>
<b>OTHER INCOME</b>		
Income from other sources	28,632,679	21,713,811
Interest on Deposits (TDS Rs.89,113/- P.Y. Rs.7,80,663/-)	415,435	4,058,380
Commission	11,609,067	152,562
Dividend - On Trade Investments	447,541	-
- Others	2,325,443	1,094,214
Insurance claim received	189,249	-
Foreign Exchange Difference ( Net )	-	545,959
Sundry Credit Balance Written Back	32,227	-
<b>Total..</b>	<b>43,651,641</b>	<b>27,564,926</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

Rupees	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
<b>SCHEDULE - 10</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumption of Raw Material, Spares & Components	<b>738,491,718</b>	642,457,286
Consumption of Stores	<b>19,209,135</b>	15,100,270
Power and Lighting	<b>4,678,588</b>	4,387,872
( Net of Wind Turbine Generator Income of Rs.59,34,758/- P.Y Rs.79,64,427/- )		
<b>(Increase)/Decrease in stock</b>		
Opening Stock - Finished Goods	<b>11,626,093</b>	12,462,645
Work in progress	<b>118,071,943</b>	69,314,398
	<b>129,698,036</b>	<u>81,777,043</u>
Less: Closing Stock - Finished Goods	<b>32,725,839</b>	11,626,093
Work in progress	<b>95,917,463</b>	118,071,943
	<b>128,643,302</b>	<u>129,698,036</u>
	<b>1,054,734</b>	(47,920,993)
<b>Repairs &amp; Maintenance</b>		
Plant and Machinery	<b>9,881,260</b>	11,910,191
Building	<b>17,146,728</b>	10,138,233
Computer	<b>3,361,988</b>	4,073,831
Others	<b>641,103</b>	1,388,764
	<b>31,031,079</b>	<u>27,511,019</u>
Central Excise borne by us	<b>957,358</b>	2,593,164
Provision for Excise Duty on Finished Goods at Factory	<b>1,026,123</b>	(283,341)
<b>Total..</b>	<b>796,448,735</b>	<u>643,845,277</u>

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

Salaries, Wages and Bonus	<b>57,846,188</b>	46,005,181
Contribution to Provident and other Funds	<b>3,661,818</b>	2,921,259
Contribution to Gratuity Fund	<b>1,474,691</b>	1,020,365
Contribution to Superannuation Fund	<b>2,328,036</b>	307,312
Workers and Staff Welfare	<b>4,229,946</b>	2,611,635
<b>Total..</b>	<b>69,540,679</b>	<u>52,865,752</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

**SCHEDULE - 12**

**ADMINISTRATIVE, SELLING AND OTHER EXPENSES :**

	<b>For the year ended 31.3.2009 Rupees</b>	<b>For the year ended 31.3.2008 Rupees</b>
Insurance	1,971,493	2,095,943
Rates and Taxes	1,555,091	2,056,195
Product Warranty Provision	7,185,687	5,813,415
Rent	4,743,276	3,768,689
Freight	5,919,866	3,516,410
Compensation to Distributors	187,112,960	133,224,402
Advertisement and Sales Promotion	2,473,133	1,044,705
Computer Expense	4,128,500	1,497,013
Travelling and Conveyance	10,078,067	10,663,250
Software licence fees	856,800	285,600
Legal and Professional Fees	16,131,235	7,971,260
Directors' Sitting Fees	270,000	260,000
Managerial Remuneration	16,427,288	14,207,820
Auditors Remuneration	269,612	256,102
Lease Rent	2,743,572	2,620,041
Bank charges	5,478,046	5,029,602
Foreign Exchange Difference ( Net )	2,393,399	-
Bad Debts written off	1,398,269	434,976
LD charges	2,613,705	2,935,892
Works & Office Expenses	1,650,280	1,338,698
Miscellaneous Labour Charges	6,960,629	5,605,023
E.mail & Internet Expenses	1,630,101	1,204,971
Garden Expense	1,227,044	1,499,255
Donation	9,511,000	1,784,250
Loss on Sale of Assets	-	157,367
Other Expenses	3,561,188	3,687,054
<b>Total..</b>	<b>298,290,241</b>	<b>212,957,933</b>

**SCHEDULE - 13**

**INTEREST EXPENSES :**

On Cash Credit	2,999,295	174,818
On Term Loan	2,024,828	5,705,501
On Fixed Deposits	2,230,059	3,942,970
Othes	1,514,017	270,865
<b>Total..</b>	<b>8,768,199</b>	<b>10,094,154</b>



---

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

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

**[B] USE OF ESTIMATES**

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

**[C] FIXED ASSETS AND DEPRECIATION**

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

Depreciation has been provided on Plant & Machinery on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.

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

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

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

**[D] INVESTMENTS**

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

**[E] INVENTORIES**

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

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

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

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

**[F] REVENUE RECOGNITION**

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

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

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

**[G] OPERATING LEASE**

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

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

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

**(b) Long Term**

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

**(c) Defined Contribution Plans**

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

**(d) Defined Benefit Plans**

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

**(e) Other Employee Benefit**

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

**[ii] Voluntary Retirement Scheme**

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

**[I] EXCISE DUTY**

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

**[J] FOREIGN CURRENCY TRANSACTIONS**

Foreign Currency transaction are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transactions.

Foreign Currency Monetary items are reported using the closing rate. Non Monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items or/on reporting a company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expense in the year in which they arise.

Monetary assets & liabilities denominated in foreign currency remaining unsettled at the year end are translated at closing rates.



---

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

The premium or discount arising at inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange difference on such contract are recognised in the statement of profit and loss account.

**[K] BORROWING COST**

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

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

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

**[M] TAXATION**

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

**[N] EARNING PER SHARE**

The basic earnings per Share is calculated by dividing the Net profit or loss for the year attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the year.

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

**[O] CASH FLOW STATEMENT**

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

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

**[P] IMPAIRMENT OF ASSETS**

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



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

**[Q] PRODUCT WARRANTY EXPENSES :**

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

**(2) CONTINGENT LIABILITIES NOT PROVIDED FOR**

<b>Particulars</b>	<b>2008-09 Rupees</b>	<b>2007-08 Rupees</b>
Guarantees issued by Banks	<b>90,828,491</b>	49,637,406
L/C opened but goods yet to be received	<b>47,763,394</b>	57,929,302
Income Tax demand disputed by the Company	<b>23,713,135</b>	18,541,769
Sales Tax Demand Disputed By the Company	<b>2,742,317</b>	1,461,482
Excise Demand Disputed By the Company	<b>17,772,265</b>	1,399,070

**(3)** The Gujarat Sales Tax Department had raised a demand of Rs.3,04,37,143/- ( P.Y 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 had obtained a stay order from the Gujarat High Court of the recovery proceedings initiated by the Sales Tax Department. Further the petition was filed against the same in Gujarat High Court. The Gujarat High Court has passed the order in favour of the company vide their judgment dated 07-08-2008.

**(4)** The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each year of service. The scheme is funded with insurance companies in the form of a qualifying insurance policy.

**The principal assumption used in determining the Gratuity for the Company's plan are as under :**

<b>Particulars</b>	<b>Gratuity ( Funded )</b>	
	<b>2008-09</b>	<b>2007-08</b>
Discount Rate	8%	8%
Rate of Increase in Compensation Levels	5.50%	5.50%
Rate of Return of plan assets	8%	8%
Employee Turnover	1%	2%

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

<b>Particulars</b>	<b>(Rs in lacs)</b>	
	<b>2008-09</b>	<b>2007-08</b>
<b>Net employee benefit expense (recognised in employee cost)</b>		
Current service cost	<b>11.41</b>	10.20
Interest cost	<b>12.58</b>	10.91
Expected return on plan assets	<b>(12.92)</b>	(8.06)
Net actuarial (gain) / loss recognised in the year	<b>5.85</b>	1.65
<b>Net benefit expense</b>	<b>16.92</b>	14.70

**NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE - 14****Balance Sheet****Details of Provision for Gratuity****(Rs. in lacs)**

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Defined benefit obligation	<b>182.19</b>	157.25
Fair value of plan assets	<b>185.02</b>	161.57
	<b>(2.83)</b>	(4.32)
Less: Unrecognised past service cost	<b>-</b>	-
	<b>(2.83)</b>	(4.32)

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

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Opening defined benefit obligation	<b>157.25</b>	136.43
Interest cost on benefit obligation	<b>12.58</b>	10.91
Current service cost	<b>11.41</b>	10.20
Benefits paid	<b>(6.76)</b>	(3.21)
Actuarial (gains)/losses on obligation	<b>7.71</b>	2.92
Closing defined benefit obligation	<b>182.19</b>	157.25

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

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Opening fair value of plan assets	<b>161.57</b>	100.77
Expected return	<b>12.92</b>	8.06
Contributions by employer	<b>15.42</b>	54.69
Benefits paid	<b>(6.75)</b>	(3.22)
Actuarial gains / (losses)	<b>1.86</b>	1.27
Closing fair value of plan assets	<b>185.02</b>	161.57

**5. SEGMENT REPORTING**

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

**6. PROVISION FOR WARRANTY**

A provision of Rs.71,85,687/- ( P.Y Rs.58,13,415/- ) has been recognised for expected warranty claims at 0.5% on products sold during the Current financial year. The warranty claims are for the period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next financial year.

**7. EARNING PER SHARE**

	<b>2008-09</b>	<b>2007-08</b>
The numerator and the denominator used to calculate basis and diluted Earning Per Share.	<b>Rupees</b>	Rupees
(a) Net Profit available to equity shareholders	<b>152,270,285</b>	133,345,352
(b) Weighted Average number of equity shares used as denominator for calculating EPS	<b>5,768,385</b>	5,768,385
(c) Basic and Diluted Earning Per Share (Rs.)	<b>26.40</b>	23.12
(d) Nominal Value of Equity Shares	<b>10</b>	10

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

**8. DEFERRED TAX**

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

Particulars	2008-09 Rupees	2007-08 Rupees
<b>DEFERRED TAX ASSETS:</b>		
Provision for Leave encashment and Bonus	2,223,107	1,811,452
	2,223,107	1,811,452
<b>DEFERRED TAX LIABILITY:</b>		
Excess of written down value as per books of accounts over Income Tax Written down value.	37,545,651	46,913,491
<b>NET DEFERRED TAX LIABILITY</b>	<b>35,322,544</b>	<b>45,102,039</b>

**9. DERIVATIVE INSTRUMENTS**

(a) The Company has entered into forward contracts to offset foreign currency risk arising from the amounts denominated in currencies other than the indian rupees. The counter party to such forward contract is a bank. These contracts are entered into to hedge the foreign currency risks. Details of forward contracts outstanding as at the year end are:

Currency	Exposure to Buy/sell	No of Contracts	As at the year end	
			Rs.in lacs	Foreign Currency
EURO	SELL	1	100.41 (133.01)	151092 (214400)
GBP	SELL	1	90.45	123000

**Note :** Figures in brackets are for the previous year.

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

Particulars	As at 31st March 2009	As at 31st March 2008
<b>Payable Against Import of Goods and Services</b>		
Rupees in Lacs	893.33	93.55
Pound Sterling	63,739.80	78,471
Euro	1,242,348.20	28,935
US Dollar	10,907.30	26,890
<b>Advance Payment to Supplier</b>		
Rupees in Lacs	40.85	36.76
Pound Sterling	2,717.40	5,845
Euro	58,815.70	41,626
JPY	-	1,471,950



---

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

- [i] **Associate** : Elecon Engineering Company Ltd.  
Wizard FinCap Ltd.  
Power Build Elecon Gear Ltd.  
Eimco Elecon Electricals Ltd.  
Madhubhan Resorts & Spa
- [ii] **Enterprise indirectly controlled** : Emtici Engineering Ltd.  
Prayas Engineering Ltd.  
Power Build Ltd.  
Narmada Travel Services Ltd.  
Elecon Information Technology Ltd.  
Akkaish Mechatronics Ltd.  
Speciality Woodpack Pvt. Ltd.  
Ringspann Elecon (I) Ltd.  
Bipra Investment & Trusts Ltd.  
Devkishan Investments Pvt. Ltd.  
K. B. Investments Pvt. Ltd.  
Elecon Australia Pty. Ltd.  
Elecon Africa Pty. Ltd.  
Elecon Singapore Pte. Ltd.  
Elecon Middle East FZCO  
Elecon Engineering (Suzhou) Co Ltd.
- [iii] **Collaborators** : Sandvik Tamrock-France  
Sandvik Asia Ltd-Pune  
Sandvik Mining & Construction-Singapore  
Sandvik Mining & Construction-UK  
Sandvik Mining & Construction-USA  
Voest Alpine - SA  
Tamrock Great Britain Holdings Ltd.
- [iv] **Key Management Personnel** : Shri P. B. Patel  
Shri A. M. Deshpande
- [v] **Relatives of Key Management Personnel** : Shri Pradipbhai Patel

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

**11. The following transactions were carried out with related parties in the ordinary course of business :**

**PARTICULARS**

NATURE OF RELATIONSHIP	ASSOCIATE		KEY MANAGEMENT PERSONNEL		RELATIVE OF KEY MANAGEMENT PERSONNEL		ENTERPRISE INDIRECTLY CONTROLLED		COLLABORATORS		GRAND TOTAL	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
SALES							3,119,680	2619			3,119,680	2619
PURCHASES	46,869,699	49,042,758					47,574,513	24,312,661		17,218,800	101,983,768	90,574,219
PROVI./RECEIPT OF MGT/ OTH SERV.							3,810,581	2,781,631			3,810,581	2,781,631
LOANS GIVEN												
LOANS TAKEN								1,341,447				1,341,447
INTEREST RECEIVED												
INTEREST GIVEN												
COMMISSION EXPENSE							210,949,436	147,969,878			210,949,436	147,969,878
COMMISSION INCOME									11,609,067		11,609,067	
SALES OF FIXED ASSETS.												
PURCHASE OF FIXED ASSETS		207,149										207,149
SALE OF INVESTMENT							397,450	430,086			397,450	430,086
ISSUE OF PREFERENCE SHARES								13,700,000				13,700,000
PURCHASE OF EQUITY SHARES	1,000,000							14,000,000				14,000,000
REMUNERATION-MID& WHOLETIME DIRECTOR											1,000,000	
DIRECTOR SITTING FEES											16,427,288	14,207,820
RENT INCOME	6,974,101	6,570,529					4,455,769	983,600			40,000	70,000
RENT EXPENSE	4,240,710	2,872,212					1,009,695	1,001,100			11,429,870	7,554,129
JOB-WORK EXPENSE	674,200	1,257,536					12,710,637	12,466,476			5,250,405	3,873,312
JOB-WORK INCOME	6,023,147	7,398,495					511,395	36,000			13,384,837	13,724,012
OTHER EXPENSES(NET)	5,732,802	3,942,204					9,441,192	8,886,756			6,534,542	7,434,495
OTHER INCOME	447,541	213,554						17,188			447,541	230,742
ASSETS LEASE EXP	2,878,223	2,874,337									2,878,223	2,874,337
DIVIDEND PAID							5,791,500				5,791,500	

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

<b>Disclosure of Loans &amp; Advances to Associates/ Companies in which Directors are interested</b>	<b>Amount outstanding as on 31.03.2009</b>	<b>Maximum amount outstanding during the year</b>	<b>Amount outstanding as on 31.03.2008</b>	<b>Maximum amount outstanding during the year</b>
--	--	---	--	---

<b>Power Build Limited</b>	-	-	-	14,000,000
----------------------------	---	---	---	------------

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

<b>12. Computation of Net Profit in accordance with Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956 and Commission payable to Directors</b>		<b>2008-09 Rupees</b>	<b>2007-08 Rupees</b>
<b>Net Profit as per Profit and Loss Account</b>		<b>152,270,285</b>	133,345,352
<b>Add :</b> [i] Depreciation as provided in books		<b>74,182,472</b>	74,276,749
[ii] Provision for Taxation		<b>89,556,628</b>	75,500,000
[iii] Provision for Deferred Taxation		<b>(9,779,495)</b>	(6,519,298)
[iv] Fringe Benefit tax		<b>1,511,207</b>	1,993,233
[v] Whole-time Director's remuneration		<b>4,773,058</b>	4,647,920
[vi] Managing Director's remuneration		<b>11,654,230</b>	9,559,900
[vii] Directors' Sitting Fees		<b>270,000</b>	260,000
[viii] Loss on sale of Fixed Assets		-	157,367
		<b>324,438,385</b>	293,221,223
<b>Less :</b> [i] Profit on sale of Investments		-	8,014,200
		<b>324,438,385</b>	285,207,023
<b>Less :</b> [i] Depreciation as per Section 350 of the Companies Act, 1956		<b>74,182,472</b>	74,276,749
<b>Net Profit</b>		<b>250,255,913</b>	210,930,274
<b>Remuneration to Managing Director</b>			
Salary		<b>3,954,231</b>	4,059,900
Commission		<b>7,700,000</b>	5,500,000
<b>Remuneration to Whole Time Director</b>			
Salary		<b>3,273,058</b>	3,247,920
Commission		<b>1,500,000</b>	1,400,000
		<b>16,427,289</b>	14,207,820

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

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

	<b>2008-09</b>	2007-08
	<b>Rupees</b>	Rupees
<b>a. Statutory Auditors :</b>		
As Audit Fees	<b>130,000</b>	130,000
Fees for certification work	<b>8,999</b>	10,500
Out of Pocket Expenses	<b>100,613</b>	85,602
<b>b Tax Auditors</b>		
Tax Audit Fees	<b>30,000</b>	30,000
<b>Total..</b>	<b><u>269,612</u></b>	<u>256,102</u>

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

<b>Class of Products.</b>	<b>2008-09</b>			2007-08		
	<b>Licensed Capacity</b>	<b>Installed Capacity*</b>	<b>Actual Production</b>	Licensed Capacity	Installed Capacity	Actual Production
I Tunnelling Loaders with various attachments other than Road Headers	<b>Nos. 400</b>	<b>350</b>	<b>196</b>	400	350	95
II Drilling & Roof Bolting Jumbo for mining	<b>Nos. 55</b>	<b>30</b>	-	55	30	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	<b>Nos. 50</b>	<b>30</b>	-	50	30	-
IV Air Motors	<b>Nos. 500</b>	<b>300</b>	<b>109**</b>	500	300	174**
V Spares for above	<b>1400 lacs</b>	<b>2500 lacs</b>	<b>8,353.39 (sales value)</b>	1400 lacs	2500 lacs	6,668.74 (sales value)
VI Hydraulic Cylinders	<b>Nos. 3000</b>	<b>2000</b>	<b>826***</b>	3000	2000	892***
VII Blasthole & Water well drilling rigs	<b>Nos. 50</b>	<b>10</b>	-	50	10	-
VIII Continuous Miner	<b>Nos. 25</b>	<b>10</b>	-	25	10	-
IX Construction Equipment	<b>Nos. 900</b>	<b>400</b>	<b>10</b>	900	400	-

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

\*\*Includes 49 (46) numbers for captive consumption.

\*\*\*Includes 661 (406) numbers for captive consumption.

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

Stock	2008-09				2007-08			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Nos.	Value	Nos.	Value	Nos.	Value	Nos.	Value
I Tunnelling Loaders with various attachments other than Road Headers	2	7,109,852	2	7,962,309	5	6,474,809	2	7,109,852
II Drilling & Roof Bolting Jumbo for mining	-	-	-	-	-	-	-	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-	-	-	-	-
IV Air Motors*	29	876,907	2	67,553	19	645,546	29	876,907
V Spares for above	-	464,095,839	-	665,312,179	-	490,152,284	-	464,095,839
VI Hydraulic Cylinders*	524	8,124,137	175	3,107,674	434	6,452,840	524	8,124,137
VII Construction Equipment	-	-	3	5,103,066	-	-	-	-
VIII Blasthole & Water well drilling rigs -	-	-	1	16,425,371	-	-	-	-

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

Turnover	2008-09		2007-08	
	Nos.	Value Rupees	Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	196	579,148,500	101*	472,914,290
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
III Air Motors	136 **	4,573,731	164 **	7,299,374
IV Spares for above.	-	835,339,421	-	668,474,402
V Hydraulic Cylinders	1175 ***	8,015,658	802***	6,891,960
VI Construction Equipment	7	10,060,000	-	-
VII Blasthole & Water well drilling rigs	-	-	1	7,200,000
		<b>1,437,137,310</b>		<b>1,162,780,026</b>

\*Includes Sale of 0 (2) bought out Machines.

\*\*Includes 49 (46) numbers for captive consumption.

\*\*\*Includes 661 (406) numbers for captive consumption.



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

15. Consumption of Raw Material Spares & Components :	Unit	2008-09		2007-08	
		Quantity	Value Rupees	Quantity	Value Rupees
Casting	Nos.	22037	34,675,703	17424	18,805,779
Forgings	Nos.	2724	1,162,510	2000	2,231,651
Bearings	Nos.	10221	7,050,046	16702	10,162,398
Round Bars and Plates	Tons	1630	72,643,804	1201	41,460,939
Other Raw Materials, Spares & Components			622,959,655		569,796,519
			<u>738,491,718</u>		<u>642,457,286</u>

16. Value of raw materials, spares and components consumed	2008-09		2007-08	
	Value Rupees	% of Total	Value Rupees	% of Total
Imported	341,125,470	46	342,856,387	53
Indigenous	397,366,248	54	299,600,899	47
	<u>738,491,718</u>	<u>100</u>	<u>642,457,286</u>	<u>100</u>

17. Value of Stores Consumed :	2008-09		2007-08	
Imported	-	-	-	-
Indigenous	19,209,135	100	15,100,270	100

18. CIF value of Imports in respect of :	2008-09	2007-08
Components and spares	394,821,973	168,749,660
Capital Goods	-	-

19. Earning in Foreign exchange on account of :	2008-09	2007-08
FOB Value of Sales	-	709,408
Commission	11,609,066	-

20. Expenditure in Foreign currency :	2008-09	2007-08
Travelling	3,168,324	3,042,397
Technical Know How	8,508,495	8,395,998
Others	1,436,403	-

21. Amount remitted during the year in foreign currency on account of dividend :	2008-09	2007-08
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	2007-08	2006-07
Amount remitted (net of tax)	5,791,500	5,067,563

**NOTES FORMING PART OF THE ACCOUNTS  
SCHEDULE - 14****22. INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE**

	<u>2008-09</u>	<u>2007-08</u>
<b>Lease Payments During the Year</b>	<b>2,849,398</b>	2,620,040
<b>Minimum Lease Payments</b>		
Not later than one year	<b>2,580,096</b>	2,478,000
later than one year not later than five years	<b>2,580,096</b>	396,000
later than five years	-	-

- 23.** The Company has not received any intimation from Suppliers regarding their status under Micro and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at year end together with interest paid/payable as required under the said Act have not been given.

<b>However, Details regarding the Small Scale Industrial Undertaking are as below:</b>	<b>Amount in Rs.</b>
Total Outstanding Dues of Small Scale Industrial Undertaking	<b>17,839,541</b>
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking .	<b>252,831,114</b>

A Micro, Small and Medium industrial undertaking has the same meaning as assigned to it under section 3 of the Industries (Development and Regulation) Act, 1951.

- 24.** Figures of the previous year have been shown in brackets.
- 25.** Figures of the Previous Year have been regrouped / re-arranged wherever necessary to confirm to current year's classifications.

As per our report of even date attached

For and on behalf of the Board

For TALATI & TALATI  
Chartered Accountants

UMESH H.TALATI  
Partner  
Membership No.34834

Nilesh D.Shelat  
(Company Secretary)

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

Ahmedabad  
Date : 2<sup>nd</sup> May, 2009

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2009

**NOTES FORMING PART OF THE ACCOUNTS  
SCHEDULE - 14****Annexure 1**

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

<b><u>No.</u></b>	<b><u>Vendor Name</u></b>	<b><u>Amount (Rs.)</u></b>
1.	AIR TOOLS INDUSTRIES	1,708,773.05
2.	BHAGWATI FILTERS P. LTD.	85,922.00
3.	ENGINEMATES HEAT TRANSFER P. LTD.	673,470.00
4.	EKO RUBBER INDUSTRIES	528.00
5.	HYDRO DYNE INDUSTRIES	55,885.09
6.	JASHPARAM ENGINEERING P. LTD.	164,039.00
7.	KLIPCO P. LTD.	48,519.00
8.	KENT INDUSTRIES	218,494.00
9.	MICROFINE PRODUCT	122,350.00
10.	MODERN ENGINEERING & SPRING CO.	136,983.00
11.	MULTI METALS.	61,944.00
12.	MINE LINE P. LTD.	207,092.32
13.	MACHINE TOOLS ENGINEERING	10,013.04
14.	METAL TREAT INDUSTRIES	108,214.50
15.	MICRO SYSTEM	82,466.00
16.	PRITESH INDUSTRIES	602,180.75
17.	PATLON INDUSTRIES	14,984.00
18.	RAJ ENGINEERING WORKS	1,749,372.72
19.	SAFEX (INDIA)	253,247.00
20.	SPECTRAM ENGINEERS	354,900.00
21.	SHREE ENGG. WORKS	627,036.29
22.	UNIVERSAL GASKET MFG. CO,	273,376.15
	<b>Total</b>	<b><u>7,559,789.91</u></b>

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

## I. Registration Details

Registration No.

0 2 5 7 4

State Code

0 4

Balance Sheet Date

3 1 - 0 3 - 2 0 0 9

## 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 7 3 8 5 1 7

Total Assets

1 7 3 8 5 1 7

Sources of Funds

Paid-up Capital

5 7 6 8 3

Reserve &amp; Surplus

1 1 3 3 0 9 8

Secured Loans

2 9 4 8 0

Un secured Loans

1 7 3 6 4 3

Application of Funds

Net Fixed Assets

3 6 1 5 7 2

Investments

3 8 5 4 1

Net Current Assets

1 0 2 9 1 1 4

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Liability

3 5 3 2 2

Deferred Tax Asset

N I L

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

Turnover

1 4 3 7 1 3 7

Total Expenditure

1 2 4 7 2 3 0

Profit/Loss Before Tax

2 3 3 5 5 8

Profit/Loss After Tax

1 5 2 2 7 0

Earnings per Shares

2 6 . 4 0

Dividend Rate

4 0 %

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

Item Code No.(ITC Code)

8 4 3 0 2 0 . 0 0

Product Description

Side Dump Loaders (SDL)

8 4 3 0 5 0 . 0 1

Load Haul Dumpers (LHD)

8 4 3 0 6 9 . 0 0

Blast hole &amp; water well drilling rigs

As per our report of even date attached

For and on behalf of the Board

For TALATI & TALATI  
Chartered AccountantsUMESH H.TALATI  
Partner  
Membership No.34834Ahmedabad  
Date : 2<sup>nd</sup> May, 2009Nilesh D.Shelat  
(Company Secretary)Mr. P. B. Patel  
Mr. H. S. Parikh  
Mr. A. M. DeshpandeManaging Director  
Director  
Wholetime DirectorPlace : Mumbai  
Date : 2<sup>nd</sup> May, 2009

**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 35<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 30<sup>th</sup> July, 2009 at 11.00 a.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

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.**