

# **EIMCO ELECON (INDIA) LIMITED**

**ANNUAL REPORT  
2009-2010**

**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. Vihang Virkar		
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 36<sup>th</sup> Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Friday the 30<sup>th</sup> July, 2010 at 4.00 p.m. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat state to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 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.P. M. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Jal Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

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

"Resolved That Mr. Vihang Virkar, 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 pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule xiii and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the revision in remuneration payable to Mr. A. M. Deshpande, Wholtime Director with effect from 1<sup>st</sup> April, 2010 as set out under item No.7 of the the Explanatory Statement annexed to this Notice."

**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 01-07-2010 to 07-07-2010. (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, 2010 when declared at the meeting will be paid:
  1. to those members whose names appear in the Register of Members of the Company on 01-07-2010.
  2. in respect of shares held in electronics form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on 30-06-2010.
- 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 : 10<sup>th</sup> May, 2010

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

By order of the Board

**Nilesh D. Shelat**  
Company Secretary

Date : 10<sup>th</sup> May, 2010



## **ANNEXURE TO THE NOTICE**

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

### **ITEM NO.6**

Mr. Vihang Virkar was appointed as an Additional Director with effect from 30-7-2009 pursuant to Section 260 of the Companies Act, 1956. Mr. Vihang Virkar 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. Vihang Virkar for appointment as director liable to retire by rotation.

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

Except Mr. Vihang Virkar, none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

### **ITEM NO.7**

The Remuneration Committee and the Board of Directors at their meeting held on 10<sup>th</sup> May 2010 unanimously resolved to revise the remuneration payable to Mr. A. M. Deshpande from 1<sup>st</sup> April 2010 for remaining period of his term of appointment i.e. 31<sup>st</sup> December 2013, subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Mr. A. M. Deshpande are set out in the draft of the Supplemental Agreement to be entered into by the Company with him which inter alia, contain the following terms and conditions:

Remuneration:

- (a) **Salary** : Rs.2,25,000 (Rupees two lacs twenty-five thousand only) per month from 1<sup>st</sup> April 2010, with annual increment as the Board of Directors may decide.
- (b) **Perquisites**: In addition to above, he shall also be entitled to perquisites and allowance like Rent-free furnished/semi-furnished accommodation/House rent Allowance, expenditure incurred by the Company on gas, electricity, water and furnishing to be valued as per the Income Tax Rules, retirement benefits as per the laws applicable from time to time. Company maintained car with driver/maintenance cost of the car as per the rules of the Company, as applicable. The perquisites and allowance shall be valued as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be evaluated at actual cost.
- (c) **Commission**: In addition to salary and perquisites, one percent commission on the net profit of the company computed in the manner laid down in section 309(5) of the Companies Act, 1956 subject to a ceiling of Rs.18 lacs per annum, whichever is less.
- (d) **Minimum Remuneration**: Notwithstanding anything herein contained, where in any financial year during the currency of tenure of the Whole time Director, the Company has no profits or profits are inadequate, the Company will pay remuneration by way of salary and perquisites as stated above but shall not exceed the limits prescribed under Schedule xiii to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or reenactment.

All other terms and conditions remain unchanged.

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

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. A. M. Deshpande under the provisions of Section 302(2) of the Companies Act, 1956.

None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. A. M. Deshpande.

The Board of directors recommends the resolution for approval of the members.

The draft agreement referred to above, to be entered into with Mr. A. M. Deshpande is available for inspection by the members of the company at the registered office of the company between 10.00 am. and 1.00 pm. on all working days except Sundays till the date of the annual general meeting.

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

By order of the Board of Directors,

**Nilesh D. Shelat**  
Company Secretary

Date : 10<sup>th</sup> May, 2010

**DIRECTORS' REPORT**

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

The Directors have pleasure in presenting their 36<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2010.

**1. FINANCIAL RESULTS**

	<b>31-03-2010</b>	31-03-2009
	<b>(Rs.)</b>	(Rs.)
Profit before Depreciation, & Provision for Taxation	<b>260,471,964</b>	307,741,097
Less: Depreciation	<b>69,478,422</b>	74,182,472
<b>PROFIT BEFORE TAX</b>	<b>190,993,542</b>	233,558,625
Less : Provision for Taxation and Deferred Tax and Fringe Benefit Tax	<b>62,968,049</b>	81,288,340
<b>PROFIT AFTER TAX</b>	<b>128,025,493</b>	152,270,285
Add : Balance brought forward from last year	<b>31,926,236</b>	31,650,839
	<b>159,951,729</b>	183,921,124
<b>APPROPRIATED AS</b>		
Proposed Dividend	<b>23,073,540</b>	23,073,540
Tax on distributed Profit	<b>3,832,515</b>	3,921,348
Transfer to General Reserve	<b>100,000,000</b>	125,000,000
Balance Carried Forward	<b>33,045,674</b>	31,926,236
<b>Total</b>	<b>159,951,729</b>	183,921,124

**2. PERFORMANCE**

During the year under review, the Company has achieved the turnover of Rs.1645.65 million (previous year 1480.78 million). The net profit stood at Rs.128.02 million (previous year Rs.152.27 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, 2010.

**4. INSURANCE**

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

**5. FIXED DEPOSITS**

Five Deposits aggregating to Rs.122,800 though matured were not claimed as on 31<sup>st</sup> March 2010.

**6. DIRECTORS**

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

Mr. Vihang Virkar was appointed as Additional Director w.e.f. 30<sup>th</sup> July 2009 and will hold office as Additional Director upto Annual General Meeting. Notice together with deposit has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing Mr.Vihang Virkar's appointment in the ensuing Annual General Meeting as Director of the Company liable to retire by rotation.

**7. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of your Company state:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the directors have taken proper and sufficient care of the maintenance of



adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

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

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

Date : 10<sup>th</sup> May, 2010

**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 2010.

(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	52	BE (Mech.) MBA	01-04-06	Managing Director	Overall Management	97,45,077	49,50,700	34	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	60	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	53,58,808	32,49,631	37	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager- Engg.)
(B) Name of employee employed for part of the year										
1.	Shri Ravindra Luthra	58	B.E. (Ag.Engg) M.SC (Ag.Engg.)	26-5-04	Vice President	Head- R & D and Production	24,96,497	17,80,050	36	Escorts Construction Equipment Ltd- Head – Product Engg.

**Notes:**

- The appointments of Mr. Prayasvinbhai Patel, Managing Director and Mr. A. M. Deshpande, Wholetime Director are contractual.
- Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company's contribution to Provident Fund, Superannuation and Gratuity Fund, Retirement Benefits, monetary value of perquisites in accordance with the provisions of the Income Tax Act, 1961.
- Experience includes number of years service elsewhere, wherever applicable.
- 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, 2010.

**[A] Conservation of energy :**

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

**[B] Technology absorption :**

Form B (rule 2)

Research & Development (R&D)

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

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

1. Capital	: Rs. Nil
2. Recurring	: Rs.96,55,125
3. Total R & D expenditure	
Percentage of total turnover	: 0.58 %

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

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

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

2. Benefits derived as a result of above efforts.  
Absorption, adaptation & innovation of imported technology have lead to less dependence on imports of these products. This has saved a considerable amount of foreign exchange & cost of production.
3. Technology imported
  - [a] Year of Imports: The company has signed 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:  
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 exported goods worth Rs.126,859 and continues to make efforts to push up exports.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 348,351,217	Rs. 239,574

For and on behalf of the Board

**P. B. Patel**  
Managing Director

**A. M. Deshpande**  
Wholetime Director

Place : Vallabh Vidyanagar

Date : 10<sup>th</sup> May, 2010



## 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 2009-2010, four (4) Board Meetings were held i.e. on

2<sup>nd</sup> May 2009  
30<sup>th</sup> July 2009  
28<sup>th</sup> October 2009  
29<sup>th</sup> January 2010

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 30th July, 09	No. of other Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public companies	
						Member	Chairman
1.	Mr. P.B. Patel	MD (P)	4	Yes	11	Nil	Nil
2.	Mr. H.S. Parikh	NED (I)	3	Yes	3	5	3
3.	Mr. P.M. Patel	NED (P)	4	Yes	3	4	Nil
4.	Mr. Vihang Virkar	NED (I)	3	Yes	Nil	Nil	Nil
5.	Mr. A.M.Deshpande	WTD	4	Yes	1	Nil	Nil
6.	Mr. P.C.Amin	NED(P)	4	Yes	9	NIL	1
7.	Mr. Jal Patel	NED(I)	4	Yes	6	5	2
8.	Mr. Shreevardhan Sinha	NED(I)	-	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. P. C. Amin	1200 Shares
Mr. Jal Patel	Nil
Mr. Vihang Virkar	Nil
Mr. Shreevardhan Sinha	Nil

**3. Audit Committee**

The composition of the Audit Committee is as under:

Mr. Jal Patel (Chartered Accountant & Company Secretary)	Chairman	NED-I
Mr. H.S. Parikh (Chartered Accountant)	Member	NED-I
Mr. P.M.Patel	Member	NED-P
Mr. P.C. Amin	Member	NED-P
Mr.Vihang Virkar	Member	NED-I
Mr. Shreevardhan Sinha	Member	NED-I

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

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on			
	2 <sup>nd</sup> May 2009	30 <sup>th</sup> July 2009	28 <sup>th</sup> October 2009	29 <sup>th</sup> January 2010
Mr.Jal Patel	Yes	Yes	Yes	Yes
Mr. P.M. Patel	Yes	Yes	Yes	Yes
Mr. H.S. Parikh	Yes	Yes	No	Yes
Mr. P.C. Amin	Yes	Yes	Yes	Yes
Mr.Vihang Virkar	No	No	No	Yes
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. M. Patel	Member	NED-P
Mr. P. B. Patel	Member	MD-P
Mr. P. C. Amin	Member	NED-P

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 2 <sup>nd</sup> May, 2009
Mr. H. S. Parikh	Yes
Mr. P. M. Patel	Yes
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	300,000 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	36,00,000+ 50,00,000 <hr/> 86,00,000	5 years from 01-04-09 to 31-03-14
Mr.A.M.Deshpande Wholetime Director	225,000 per month	Nil	1% of net profit of the company or Rs.18.00 Lacs which ever is less per annum.	27,00,000 + 18,00,000 <hr/> 45,00,000	5 years from 01-01-09 to 31-12-13

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 sitting fees paid to Non-Executive Directors are as under :

Name	Sitting Fees		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. Jal Patel	40,000	40,000	80,000
Mr. P. M. Patel	40,000	50,000	90,000
Mr. H. S. Parikh	30,000	40,000	70,000
Mr. P. C. Amin	40,000	50,000	90,000
Mr. Vihang Virkar	30,000	10,000	40,000

#### 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	Chairman	Non-Executive and Independent Director
Mr. P. B. Patel	Member	MD-P
Mr. N. D. Shelat	Secretary & Compliance Officer	Company Secretary

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

**6. General Body Meetings**

Year	Venue	Date	Time
2008-2009	Registered Office at Vallabh Vidyanagar, Gujarat	30-07-2009	11.00 a.m.
2007-2008	-do-	29-07-2008	03.00 p.m.
2006-2007	-do-	16-07-2007	03.30 p.m.

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

**7. Disclosures**

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

**8. CEO/CFO Certification**

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

**9. Means of Communication**

i.	Half yearly report sent to each shareholders residence.	No
ii.	In which newspapers quarterly results were normally published.	Economic Times (English) Economic Times (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 | Friday, the 30 <sup>th</sup> July 2010 at 4.00 p.m. at Regd. Office<br>Vallabh Vidyanagar |
| ii.  | Financial year             | 2009-2010 (year ending 31-03-2010)  |
| iii. | Book Closure Date          | 1 <sup>st</sup> July 2010 to 7 <sup>th</sup> July 2010 (both days inclusive)              |
| iv.  | Dividend payment date      | 2 <sup>nd</sup> August 2010   |

**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 2009-2010 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 :

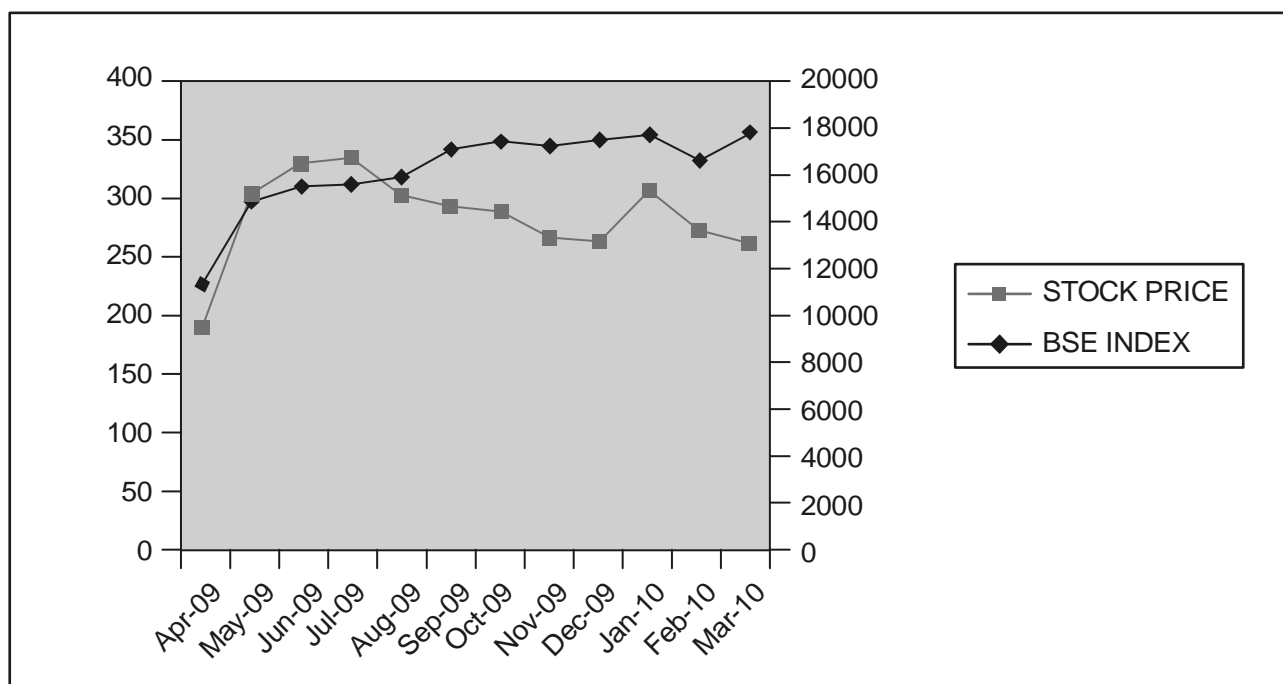
Name of the Stock Exchange	Code No.
Bombay Stock Exchange Ltd.	523708
National Stock Exchange of India Ltd.	EIMCOELECO EQ
ISIN No. for Shares in Demat mode	INE 158B01016

**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 2009	194.00	125.10	55125	11492.10	9546.29	189.90	132.00	12498
May 2009	305.45	172.00	41178	14930.54	11621.30	293.45	170.25	5416
Jun 2009	330.00	247.10	63903	15600.30	14016.95	323.95	246.30	35006
Jul 2009	334.90	231.00	47044	15732.81	13219.99	334.00	230.15	24257
Aug 2009	305.00	255.10	16099	16002.46	14684.45	308.50	261.00	13267
Sep 2009	296.00	265.00	22967	17142.52	15356.72	294.80	265.00	14299
Oct 2009	291.00	235.00	30662	17493.17	15805.20	294.75	231.20	16473
Nov 2009	269.00	208.00	14165	17290.48	15330.56	264.70	212.00	8155
Dec 2009	265.00	227.55	15170	17530.94	16577.78	266.25	228.25	18708
Jan 2010	307.85	238.00	28704	17790.33	15982.08	329.90	235.50	30992
Feb 2010	275.00	226.30	15719	16669.25	15651.99	267.75	225.00	9717
Mar 2010	264.25	216.70	54022	17793.01	16438.45	248.40	216.00	29777



## viii. Index graph



## ix. Share Transfer System

No. of Transfers during the year : 15

No. of Shares transferred : 2000

## x. Distribution of shareholding as on 31-03-2010 :

Shares held	No. of Shareholders	% of shareholders	No. of Shares held	% of Shareholding
1-500	4828	95.60	519713	9.01
501-1000	93	1.84	74260	1.29
1001-2000	48	0.95	69608	1.21
2001-3000	24	0.48	62599	1.09
3001-4000	10	0.20	34841	0.60
4001-5000	14	0.28	63809	1.10
5001-10000	14	0.28	94661	1.64
10001 & above	19	0.37	4848894	84.06
<b>Total</b>	<b>5050</b>	<b>100.00</b>	<b>5768385</b>	<b>100.00</b>

**xi. Shareholding Pattern as at 31<sup>st</sup> March 2010**

	Category	No. of shares held	% of Shareholding
A	Promoter's holding		
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.	Non-Promoters Holding		
3.	Institutional investors		
a.	Mutual Funds and UTIBanks, Financial Institutions Insurance companies (Central/State Government Institutions /Non-Government Institutions)	380492 200	6.5962 0.0035
b.	Foreign Institutional Investors	NII	NIL
	Sub-total	380692	6.5997
4.	Others		
a.	Private corporate bodies	162235	2.8125
b.	Indian Public	925913	16.0515
c.	Non-Resident Indians	21425	0.3714
d.	Any other	6400	0.1109
	Sub-total	1115973	19.3463
	<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 2010, 72.05% (4156195 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. P. M. Patel**

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

Mr. P. M. Patel is MBA and 63 years of age. His Directorships and committee Memberships of other companies are as under :

<b>Company</b>	<b>Position</b>	<b>Committee Memberships</b>	<b>Chairman/Member</b>
Elecon Engineering Co. Ltd.	Director	Audit Committee Shareholders/Investors Grievance Committee Remuneration Committee	Member Member Member
ABC Bearings Ltd.	Managing Director	Transfer-cum Shareholders'/Investors' Grievance Committee	Member
NSK-ABC Bearings Ltd	Director	Nil	Nil

**2. Mr. Jal Patel**

The Board had appointed Mr.Jal Patel as a Director of the company with effect from 29-1-2009 liable to retire by rotation. Mr.Jal Patel is due to retire by rotation at the forthcoming Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.

Professional Qualifications of Mr. Jal Patel is Chartered Accountant and Company Secretary. Mr. Jal Patel had been the Managing Director of FAG Bearings Ltd. He is also a Trustee in many charitable organizations. His Directorships and Committee Memberships of other companies are as follows :

<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 India Ltd.	Director	Audit Committee Shareholders Grievance Committee	Member Member
Munjal Auto Ltd.	Director	Nil	Nil

3. Mr. Vihang Virkar

Mr. Vihang Virkar was appointed as an Additional Director with effect from 30<sup>th</sup> July, 2009. Mr. Vihang Virkar has done LL.M from University of Mumbai. He is lawyer by profession.

Mr.Vihang Virkar 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, 2010.

Place : Vallabh Vidyanagar

Date : 10<sup>th</sup> May, 2010

**P. B. Patel**  
Managing Director



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

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

We have examined the compliance of conditions of corporate governance by EIMCO ELECON (I) LTD. for the year ended 31<sup>st</sup> March, 2010, 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, 2010, there were no investor grievance matters against the company remaining unattended/pending for more than 30 days.

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

For TALATI & TALATI  
Chartered Accountants

Place : Ahmedabad  
Date : 10<sup>th</sup> May, 2010

Umesh H. Talati  
Partner  
Mem.No. 34834  
Firm Reg. No. 110758W

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

India has a long history of viable coal mining covering almost 236 years starting from 1774 and now ranks 3rd amongst the coal producing countries in the world with coal reserves of 267.20 billion tonnes, which contributes to 6.66% of the total world reserves.

Through a sustained programme of investment and greater thrust on application of modern technologies, it has been possible to raise the production of coal from a level of about 70 million tonnes in the early 1970's to production of 524.58 million tonnes in 2009-10. But despite its huge resource base, till date, India has not been able to minimize its coal deficit at current rates of production. India's largest coal producer coal company "Coal India Limited" with a modest coal production of 70 million tonnes at its inception and increasing its production, sustaining growth, over years ended the fiscal 2009-10 with a production of 431 million tonnes and committed to produce 520 million tonnes by 2011-12.

In a bid to break the public sector monopoly over coal, the Indian Government has also introduced legislative changes allowing for private mining, whilst liberalising norms for the allocation of captive blocks permitting trading of coal. Captive block holders would also be permitted to sell their coal on the open market.

Most of the coal production in our country comes from surface mines which contribute over 90% of the total production and remaining 10% from underground mines. A number of large surface mines of over 15 million tonnes per annum capacity are in operation in our country.

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.

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 585 million tonnes in 2009-10 to 2223 million tonnes 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.

**FUTURE SCENARIO**

Indian coal production reached 525 MT in 2009-10 with a contribution of 44 MT by Private Player. Coal subsidiaries of Coal India and Singareni Collieries Company Limited contribute 90% of total coal production with 473 (279 underground, 163 opencast and 31 mixed mines) and 50 (36 underground and 14 opencast mines) mines respectively. Private Mine player contribute 9.16% in India's coal production, and which was 3.7% in 2001-02. At present 90% of coal production in India comes from opencast mines which were 20% at the time of inception of Coal India Limited.

The Ministry of Coal has emphasized the production of coal from underground mines being 70 % of total reserves by introduction of modern methods/technologies of mining by replacing the existing intermediate technology with higher degrees of mechanization like, Continuous Miner Technology, Underground Drilling Machines, Remote Operated Higher Capacity of Load Haul Dump etc., which have been successfully adopted in other leading coal producer countries. This will help to increase productivity and will reduce the production cost in underground mines with higher degree of safety as well as current underground contribution of 10% in country's total coal production. This will also help to increase the recovery percentage of the coal from underground mines as in exiting Bord & Pillar methods we are unable to dig out around 35% coal.

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

In order to enhance country's coal production to minimize the coal deficit, the average annual investment of Rs. 4,000 crore is expected for mining equipment out of which 50% of total investment is for material handling equipment with addition of annual average production capacity of 40 MT.

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. Coal blocks with Geological Reserve of more than 50 billion tonnes identified for allocation for captive operation, out



of which coal blocks with reserves of 41.80 billion tonnes have been allotted to public sector companies and 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.

At present Coal India Ltd., has a mix of manual, semi-mechanized and mechanized underground coal mines, and moving towards various state-of-the-art technologies with higher degree of 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.

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

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 million tonnes by the end of the Eleventh Plan. In the Twelfth Plan period, it has projected a target production of 664 million tonnes.

Your company is being pioneer in Underground Mining Equipment and was first to replace manual Bord & Pillar methods with intermediate Bord & Pillar method in India long back, and also took a timely decision to meet challenges of future by introduction of state-of-the-art equipment like Continuous Miner, underground Drills higher capacity of remote controlled Loading equipment etc. for mechanization of underground coal mines in India for higher productivity with minimum operational cost.

Your company has already entered into a new area of manufacture of mining equipment for surface mining operation and has already supplied 5 nos. 160mm Rotary Blast Hole Drills as an established manufacturer. This new area of business would also 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 was mentioned earlier, your company had entered into marketing arrangement with European manufacturer for bigger capacity of Dumpers and Loaders and in future your Company has plan to go for manufacture of these higher capacity sophisticated mining equipment in India to contribute further towards mechanization of Indian underground Mines.

#### **CONSTRUCTION**

In India construction equipment business has started booming after the recession period is over. The loader market is expected to grow to a level of 7,500 machines in 2010 which was only 2500 machines in 2007.

As per projects information government has planned to invest Rs.16,00,000 million on national highways and Rs.13,50,000 million on state highways from 2010 to 2021.

The size of the loader that your company has selected is most suitable for road construction segment, especially to handle crushed stone, which is the basic raw material for road construction. There is also enormous scope of our loader in ready mix plants, solid waste management and grain handling in shipyards.

Further it is also interesting to note that the value of construction in particular infrastructure construction is expected to grow by +128% over the next decade in the world as per reports released by some authentic agencies. In India being an emerging country, 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.

#### **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 160mm 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 is 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, 2010 were Rs.1645.65 million as compared to Rs.1480.78 million on 31<sup>st</sup> March, 2009. The net profit stood at Rs.128.02 million (previous year Rs.152.27 million).

**CAUTIONARY STATEMENT**

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

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



**AUDITORS' REPORT**

To,  
The Members  
Eimco Elecon (India) Ltd.  
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 2010, and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this Report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with this Report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2010 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, 2010 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, 2010;
    - (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For TALATI & TALATI  
Chartered Accountants

Ahmedabad  
Date : 10<sup>th</sup> May, 2010

(UMESH H.TALATI)  
Partner  
Mem.No. 34834  
Firm Reg. No. 110758W



## 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 contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
- (vi) 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, 2010 for a period of more than six months from the date they became payable.

- (b) The disputed Statutory dues aggregating to Rs. 196.65 lacs, that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (Rs.In Lacs)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax/ Penalties	18.41	2005-06	Income Tax Appellate Tribunal
2.	Central Excise Act, 1944	Excise Duty and Service Tax	178.24	Various years from 2004-05 to 2008-09	Central Excise and Service Tax Appellate Tribunal

- (x) The company does not have any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to the banks.
- (xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the explanations given to us the company has not given any guarantee during the year for loans taken by others from financial institutions or banks.
- (xvi) 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 : 10<sup>th</sup> May, 2010

(UMESH H.TALATI)  
Partner  
Mem.No. 34834  
Firm Reg. No. 110758W

**BALANCE SHEET AS AT 31ST MARCH 2010**

	Schedule	Amount Rupees	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	1,234,217,549		1,133,098,111
			1,291,901,399	1,190,781,961
<b>Loan Funds</b>				
Secured Loans	3	8,167,575		29,480,510
Unsecured Loans	4	102,964,410		173,643,089
			111,131,985	203,123,599
Deferred Tax Liability (Net)			27,420,658	35,322,544
<b>Total ...</b>			<b>1,430,454,042</b>	<b>1,429,228,104</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>	5	936,994,432		938,061,413
Less: Depreciation		631,961,235		576,488,852
Net Block		305,033,197		361,572,561
Capital Work in Progress		2,627,504		-
Net Block			307,660,701	361,572,561
<b>Investments</b>	6		25,588,848	38,541,226
<b>Current Assets, Loans and Advances</b>	7			
Inventories		771,735,964		697,978,152
Sundry Debtors		534,934,659		533,556,301
Cash and Bank Balances		31,204,799		26,701,735
Loans and Advances		121,660,642		80,167,065
		1,459,536,064		1,338,403,253
<b>Less : Current Liabilities and Provisions</b>	8			
Current Liabilities		328,921,264		276,423,926
Provisions		33,410,307		32,865,010
		362,331,571		309,288,936
<b>Net Current Assets</b>			1,097,204,493	1,029,114,317
<b>Total ...</b>			<b>1,430,454,042</b>	<b>1,429,228,104</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  
FRN 110758W

Ahmedabad  
Date : 10<sup>th</sup> May, 2010

Nilesh D. Shelat  
(Company Secretary)

For and on behalf of the Board

Mr. P. B. Patel

Mr. A. M. Deshpande

Managing Director

Wholetime Director

Vallabh Vidyanagar  
Date : 10<sup>th</sup> May, 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	Amount Rupees	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
<b>INCOME</b>				
<b>Gross Sales</b>			<b>1,705,522,113</b>	1,519,851,910
Less: Excise Duty			<b>83,160,498</b>	82,714,600
<b>Net Sales</b>			<b>1,622,361,615</b>	1,437,137,310
Other Income	<b>9</b>		<b>23,297,497</b>	43,651,641
Total Income			<b>1,645,659,112</b>	1,480,788,951
<b>EXPENDITURE</b>				
Manufacturing Expenses	<b>10</b>	<b>984,700,343</b>		796,448,735
Employees Cost	<b>11</b>	<b>73,267,983</b>		69,540,679
Administrative, Selling and Other Expenses	<b>12</b>	<b>317,941,779</b>		298,290,241
Interest Expenses	<b>13</b>	<b>10,899,054</b>		8,768,199
Depreciation		<b>69,478,422</b>		74,182,472
			<b>1,456,287,581</b>	1,247,230,326
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>			<b>189,371,531</b>	233,558,625
Add. Income from Extraordinary items : Profit On Sale Of Investment			<b>1,622,011</b>	-
<b>PROFIT BEFORE TAX</b>			<b>190,993,542</b>	233,558,625
Provision for Current Tax (Including Wealth Tax)			<b>72,200,000</b>	89,556,628
Excess Provision of Income Tax No longer required			<b>(1,330,065)</b>	-
Provision for Deferred Tax			<b>(7,901,886)</b>	(9,779,495)
Provision for Fringe Benefit Tax			-	1,511,207
<b>PROFIT AFTER TAX</b>			<b>128,025,493</b>	152,270,285
Add : Balance brought forward			<b>31,926,236</b>	31,650,839
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>159,951,729</b>	183,921,124
<b>APPROPRIATIONS</b>				
Proposed Dividend			<b>23,073,540</b>	23,073,540
Tax on distributed profits			<b>3,832,515</b>	3,921,348
Transfer to General Reserve			<b>100,000,000</b>	125,000,000
Balance Carried forward			<b>33,045,674</b>	31,926,236
			<b>159,951,729</b>	183,921,124
<b>Notes to the Accounts</b>	<b>14</b>			
Earnings per share(Rs.) Basic & Diluted (Nominal Value of Equity Shares Rs.10 each)			<b>22.19</b>	26.40

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  
FRN 110758W

Nilesh D.Shelat  
(Company Secretary)

Mr. P. B. Patel Managing Director  
Mr. A. M. Deshpande Wholetime Director

Ahmedabad  
Date : 10<sup>th</sup> May, 2010

Vallabh Vidyanagar  
Date : 10<sup>th</sup> May, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	Amount Rupees 31.03.2010	Amount Rupees 31.03.2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items:	190,993,542	233,558,625
<b>Add:</b>		
1) Depreciation	69,478,422	74,182,472
2) Interest Paid	10,899,054	8,768,199
	<u>80,377,476</u>	<u>82,950,671</u>
<b>Less:</b>		
1) Interest Received	867,832	415,435
2) Dividend Received	3,460,505	2,772,984
3) Profit on Sale of Assets	472,682	-
4) Profit on Sale of Investments	1,622,011	-
	<u>6,423,030</u>	<u>3,188,419</u>
<b>Operating profit before change in working capital</b>	<b>264,947,988</b>	<b>313,320,877</b>
<b>Changes in Working Capital</b>		
<b>Add / (Less) :</b>		
1) Inventories	(73,757,812)	(217,771,417)
2) Trade Payable	53,131,468	159,379,350
3) Trade Receivables	(1,378,358)	(278,323,841)
4) Loans and Advances	(38,101,682)	(17,161,562)
	<u>(60,106,384)</u>	<u>(353,877,470)</u>
<b>Cash Generated from Operation</b>	<b>204,841,604</b>	<b>(40,556,593)</b>
<b>Less :</b>		
1) Income Tax (Net)	74,261,830	96,799,576
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>130,579,774</b>	<b>(137,356,169)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
1) Sale of Fixed Assets	1,598,416	279,579
2) Sale of Investments (Net)	17,069,793	52,049,677
3) Interest Received	867,832	415,435
4) Dividend Received	3,460,505	2,772,984
	<u>22,996,546</u>	<u>55,517,675</u>
<b>Less:</b>		
1) Purchase of Fixed Assets	16,692,296	34,639,502
2) Purchase of Investments	2,495,404	1,000,000
	<u>19,187,700</u>	<u>35,639,502</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>3,808,846</b>	<b>19,878,173</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010 (Contd.)**

		Amount Rupees 31.03.2010	Amount Rupees 31.03.2009
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>			
<b>Inflow :</b>			
1) Proceeds from Borrowings (Net)	<u>100,000,000</u>	<u>100,000,000</u>	<u>184,151,615</u>
			184,151,615
<b>Outflow:</b>			
<b>Less:</b>			
1) Repayment of Borrowings - Secured Loans	21,312,935		25,467,181
2) Repayment of Borrowings - Unsecured Loans	170,678,679		28,413,454
3) Interest Paid	10,899,054		8,768,199
4) Dividend Paid	<u>26,994,888</u>	<u>229,885,556</u>	<u>26,994,888</u>
			89,643,722
<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES (C)</b>		<u><u>(129,885,556)</u></u>	<u><u>94,507,893</u></u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>4,503,064</b>	<b>(22,970,103)</b>
Cash and Cash Equivalents as at 01/04/2009		<u><u>26,701,735</u></u>	<u><u>49,671,838</u></u>
Cash and Cash Equivalents as at 31/3/2010		<u><u>31,204,799</u></u>	<u><u>26,701,735</u></u>

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

UMESH H.TALATI  
Partner  
Membership No.34834  
FRN 110758W

Ahmedabad  
Date : 10<sup>th</sup> May, 2010

Nilesh D.Shelat  
(Company Secretary)

For and on behalf of the Board

Mr. P. B. Patel                      Managing Director  
Mr. A. M. Deshpande              Wholetime Director

Vallabh Vidyanagar  
Date : 10<sup>th</sup> May, 2010



**SCHEDULES FORMING PART OF THE ACCOUNTS**

<b>SCHEDULE - 1</b>	<b>As at 31.3.2010 Rupees</b>	<b>As at 31.3.2009 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 31.3.2010 Rupees</b>	<b>As at 31.3.2009 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>1,025,497,875</b>	900,497,875
Add : Transferred from Profit & Loss Account	<b><u>100,000,000</u></b>	<u>125,000,000</u>
	<b>1,125,497,875</b>	1,025,497,875
<b>Surplus as per Profit &amp; Loss Account</b>	<b>33,045,674</b>	31,926,236
<b>Total ..</b>	<b><u>1,234,217,549</u></b>	<b><u>1,133,098,111</u></b>

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Cash Credit - State Bank of India	-	16,480,510
Term Loan from State Bank of India	8,167,575	13,000,000
<b>Total ..</b>	<b>8,167,575</b>	<b>29,480,510</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 hypothecation of certain movable properties of the Company.

	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Fixed Deposits	2,964,410	18,971,984
Buyer's credit from Banks	-	104,671,105
Short Term Loans From Bank	-	50,000,000
Commercial Paper	100,000,000	-
<b>Total ..</b>	<b>102,964,410</b>	<b>173,643,089</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 2009	Additions during the year	Deduction during the year	As at 31st March 2010	As at 1st April 2009	For the year	On Deduction/ Adjust- ment	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009
Freehold Land	1,925,793	-	-	1,925,793	-	-	-	-	1,925,793	1,925,793
Buildings	49,155,830	611,184	-	49,767,014	21,369,872	2,479,985	-	23,849,857	25,917,157	27,785,958
Plant & Machinery	789,856,817	5,301,864	13,209,052	781,949,629	508,849,434	54,017,995	12,773,202	550,094,227	231,855,402	281,007,383
Plant & Machinery (Leased)	3,785,280	-	-	3,785,280	3,667,726	-	-	3,667,726	117,554	117,554
Electric Fittings	6,737,961	178,871	-	6,916,832	4,556,629	320,541	-	4,877,170	2,039,662	2,181,332
Office Equipments and Airconditioners	13,642,153	1,025,839	-	14,667,992	8,436,437	915,137	-	9,351,574	5,316,418	5,205,716
Furniture and Fixtures	22,925,489	-	-	22,925,489	16,289,693	1,200,949	-	17,490,642	5,434,847	6,635,796
Vehicles	25,138,004	1,701,042	1,922,721	24,916,325	4,975,214	5,227,550	1,232,837	8,969,927	15,946,398	20,162,790
Intangible Assets (Technical know how)	24,894,086	5,245,992	-	30,140,078	8,343,847	5,316,265	-	13,660,112	16,479,966	16,550,239
<b>TOTAL</b>	<b>938,061,413</b>	<b>14,064,792</b>	<b>15,131,773</b>	<b>936,994,432</b>	<b>576,488,852</b>	<b>69,478,422</b>	<b>14,006,039</b>	<b>631,961,235</b>	<b>305,033,197</b>	<b>361,572,561</b>
<b>Previous Year</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	361,572,561	397,322,789
<b>Capital Work - in-Progress</b>									2,627,504	-
									<b>307,660,701</b>	<b>361,572,561</b>



**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<b>SCHEDULE - 6</b>		
<b>INVESTMENTS (AT COST)</b>		
<b>(Long term, unless otherwise stated)</b>		
<b>Trade Investmens : Unquoted</b>		
- Wizard Fincap Ltd. (249500 Shares of Rs.10/- each)	2,495,000	2,495,000
- Eimco Elecon Electricals Ltd.(510000 shares of Rs.10/- each) (100000 Equity Shares received during the year )	5,100,000	5,100,000
- Madhuban Prayas Resorts Ltd. (12000 Shares of Rs.10/- each) (12000 Shares sold during the year)	-	120,000
- Power Build Ltd. (140000 10% Cumulative Redeemable Convertible Preference shares of Rs.100/- each) (Redeemed during the year)	-	14,000,000
	<b>7,595,000</b>	<b>21,715,000</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. (Nil) (4000 shares of Rs.10/- each sold duiring the year)	-	507,100
- Grasim Industries Ltd. (1000 shares of Rs.10/- each)	1,083,728	1,083,728
- Great Offshore Ltd. (238 shares of Rs.10/- each ) (762 shares buy back during the year)	-	-
- Infosys Ltd. (1856 shares of Rs.5/- each)	1,118,225	1,118,225
- Mahindra & Mahindra Ltd. (8800 shares of Rs.5/- each) (Sub division of share of the face value of Rs.10/- each into 2 (two) shares of Rs.5/- each )	895,291	895,291
- Reliance Industries Ltd. (5100 shares of Rs.10/- each) (2550 Bonus shares received during the year)	1,809,741	1,809,741
- Reliance Communications Limited (Nil) (3700 shares of Rs.10/- each sold during the year)	-	820,683
- Reliance Capital Ltd. (Nil) (110 shares of Rs.10/- each sold during the year)	-	-
- Reliance Infrastructure (390 shares of Rs.10/- each) (225 shares purchased during the year)	277,359	-
- Reliance Natural Resources Ltd. (Nil) (2200 shares of Rs.10/- each sold during the year)	-	-
- State Bank of India (3500 shares of Rs. 10/- each)	2,986,499	2,986,499
- Tata Chemicals Ltd. (10000 shares of Rs.10/- each)	1,128,848	1,128,848
- Tata Iron and Steel Co. Ltd. (11325 shares of Rs.10/- each)	3,329,132	2,654,132
- Tata Iron and Steel Co. Ltd. (6750 Cumulative Comulsory Convertible Preference Shares of Rs.2/- each converted in to Equity shares)	-	675,000
- Tata Power Ltd. (5000 shares of Rs.10/- each)	1,410,000	1,410,000
- ITC Limited (1500 shares of Rs.10/- each) (Purchased during the year)	349,620	-
- Bharti Televenture Ltd. (2655 shares of Rs.5/- each) (Purchased during the year)	1,149,960	-
- Colgate-Palmolive (I) Ltd. (500 shares of Rs.1/- each) (Purchased during the year)	323,095	-
- Hindustan Unilever Ltd. (1500 shares of Rs.1/- each) (Purchased during the year)	395,370	-
- Larsen & Toubro Ltd. (500 shares of Rs.2/- each)	877,089	877,089
- Siemens Ltd. (900 shares of Rs.2/- each)	797,866	797,866
	<b>17,991,323</b>	<b>16,823,701</b>
<b>(Aggregate Market value of Quoted investment</b>		
<b>[Market Value Rs. 4,66,95,261/- P.Y Rs. 2,35,15,449/-]</b>		
<b>UNQUOTED ( Non -Trade)</b>		
Charotar Gas Sahakari Mandali	2,525	2,525
<b>Total ..</b>	<b>25,588,848</b>	<b>38,541,226</b>

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

	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<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	44,093,368	48,611,279
Work in Progress	195,510,104	95,917,463
Finished Goods	12,052,232	32,725,839
Spares and Components	512,591,030	516,875,849
Goods in Transit	7,489,230	3,847,722
<b>Total ..</b>	<b>771,735,964</b>	<b>697,978,152</b>
<b>Sundry Debtors</b>		
(Unsecured considered good)		
Exceeding Six Months	13,902,498	28,666,184
Other Debtors	521,032,161	504,890,117
<b>Total ..</b>	<b>534,934,659</b>	<b>533,556,301</b>
<b>Cash and Bank Balance</b>		
Cash on Hand	39,791	39,791
Balances with Scheduled Banks		
In Current Accounts	27,032,929	20,540,062
In Unpaid Dividend Accounts	1,132,079	1,121,882
In Short Term Deposit Account	3,000,000	5,000,000
<b>Total ..</b>	<b>31,204,799</b>	<b>26,701,735</b>
<b>B. Loans and Advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	11,081,006	10,941,961
Interest Receivables	205,639	432,879
Advances to Suppliers	17,703,278	9,412,165
Balance with Excise, Customs Authorities	84,250,673	54,351,909
Income Tax and FBT	401,281,114	426,189,219
Less : Provisions	392,861,068	421,161,068
	8,420,046	5,028,151
<b>Total..</b>	<b>121,660,642</b>	<b>80,167,065</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31.3.2010 Rupees	As at 31.3.2009 Rupees
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	325,428,394	270,670,655
Interest accrued but not due	-	906,095
Unpaid Interest	138,011	139,791
Advance from Customers	2,100,000	3,483,281
<b>Investor Protection Fund shall be credited by the following amounts namely :</b>		
Unclaimed Dividend	1,132,059	1,121,862
Unclaimed Deposits	94,000	74,000
Unpaid Interest on Unclaimed Deposits	28,800	28,242
<b>Total..</b>	<b>328,921,264</b>	<b>276,423,926</b>
<b>Provisions</b>		
Provision for Leave Encashment	6,504,252	5,870,122
Proposed Dividend	23,073,540	23,073,540
Dividend Tax	3,832,515	3,921,348
Income Tax and FBT Provision	-	-
Less : Advance Tax Paid	-	-
<b>Total..</b>	<b>33,410,307</b>	<b>32,865,010</b>
<b>SCHEDULE - 9</b>		
<b>OTHER INCOME</b>		
	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
Income from other sources	14,496,165	28,632,679
Interest on Deposits	247,735	415,435
Interest Others	620,097	-
Commission	112,715	11,609,067
Dividend - On Trade Investments	2,800,000	447,541
- Others	660,505	2,325,443
Insurance Claim Received	123,856	189,249
Foreign Exchange Difference ( Net )	3,729,915	-
Sundry Credit Balance Written Back	33,827	32,227
Profit on Sale of Assets	472,682	-
<b>Total..</b>	<b>23,297,497</b>	<b>43,651,641</b>

**SCHEDULES FORMING PART OF THE ACCOUNTS**

		For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
<b>SCHEDULE - 10</b>			
<b>MANUFACTURING EXPENSES</b>			
Consumption of Raw Material, Spares & Components		1,014,597,217	738,491,718
Consumption of Stores		16,301,418	19,209,135
Power and Lighting		5,272,873	4,678,588
(Net of Wind Turbine Generator Income of Rs.54,42,232/- P.Y Rs.59,34,758/- )			
<b>(Increase)/Decrease in Stock</b>			
Opening Stock - Finished Goods	32,725,839		11,626,093
Work in Progress	95,917,463		118,071,943
	<u>128,643,302</u>		<u>129,698,036</u>
Less: Closing Stock - Finished Goods	12,052,232		32,725,839
Work in Progress	195,510,104		95,917,463
	<u>207,562,336</u>		<u>128,643,302</u>
		(78,919,034)	1,054,734
<b>Repairs &amp; Maintenance</b>			
Plant and Machinery	13,229,300		9,881,260
Building	10,047,121		17,146,728
Computer	3,262,191		3,361,988
Others	<u>1,514,775</u>		<u>641,103</u>
		28,053,387	31,031,079
Central Excise borne by us		760,348	957,358
Provision for Excise Duty on Finished Goods at Factory		(1,365,866)	1,026,123
<b>Total..</b>		<u><u>984,700,343</u></u>	<u><u>796,448,735</u></u>

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

Salaries, Wages and Bonus	63,107,961	57,846,188
Contribution to Provident and Other Funds	3,660,547	3,661,818
Contribution to Gratuity Fund	989,314	1,474,691
Contribution to Superannuation Fund	2,693,361	2,328,036
Workers and Staff Welfare	2,816,800	4,229,946
<b>Total..</b>	<u><u>73,267,983</u></u>	<u><u>69,540,679</u></u>



**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE - 12****ADMINISTRATIVE, SELLING AND OTHER EXPENSES :**

	For the year ended 31.3.2010 Rupees	For the year ended 31.3.2009 Rupees
Insurance	2,377,881	1,971,493
Rates and Taxes	3,573,241	1,555,091
Product Warranty Provision	16,223,616	7,185,687
Rent	6,272,101	4,743,276
Freight	5,831,706	5,919,866
Compensation to Distributors	198,509,653	187,112,960
Advertisement and Sales Promotion	2,300,885	2,473,133
Computer Expense	441,718	942,535
Travelling and Conveyance	7,582,886	10,078,067
Software licence fees	6,643,678	4,042,765
Legal and Professional Fees	9,279,349	16,131,235
Directors' Sitting Fees	370,000	270,000
Managerial Remuneration	15,103,885	16,427,288
Auditors Remuneration	367,469	269,612
Lease Rent	2,372,070	2,743,572
Bank Charges	4,380,726	5,478,046
Foreign Exchange Difference (Net)	-	2,393,399
Bad Debts Written Off	30,130	1,398,269
LD Charges	6,072,516	2,613,705
Works & Office Expenses	3,752,337	1,650,280
Miscellaneous Labour Charges	10,873,936	6,960,629
E.mail & Internet Expenses	1,137,500	1,630,101
Garden Expense	807,071	1,227,044
Donation	9,588,000	9,511,000
Other Expenses	4,049,425	3,561,188
<b>Total..</b>	<b>317,941,779</b>	<b>298,290,241</b>

**SCHEDULE - 13****INTEREST EXPENSES :**

On Cash Credit	4,998,762	2,999,295
On Term Loan	2,234,001	2,024,828
On Fixed Deposits	844,704	2,230,059
Others	2,821,587	1,514,017
<b>Total..</b>	<b>10,899,054</b>	<b>8,768,199</b>



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**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 or 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.

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.

## NOTES FORMING PART OF THE ACCOUNTS

## SCHEDULE - 14

**[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 transactions 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.

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 is recognised in the statement of profit and loss account.



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**NOTES FORMING PART OF THE ACCOUNTS****SCHEDULE - 14****[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) 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.

**[Q] PRODUCT WARRANTY EXPENSES**

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

## NOTES FORMING PART OF THE ACCOUNTS

## SCHEDULE - 14

(2) Estimated amount of contracts remaining to be executed on Capital Account Rs. 34 lacs ( P.Y . Nil )

(3) Contingent Liabilities Not Provided For

Particulars	2009-10 Rupees	2008-09 Rupees
Guarantees Issued By Banks	124,930,289	90,828,491
LC opened but goods yet to be received	80,749,052	47,763,394
Income tax Demand Disputed by the Company	16,713,882	23,713,135
Sales Tax Demand Disputed By the Company	20,944,190	2,742,317
Excise Demand Disputed By the Company	17,823,858	17,772,265

(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 company in the form of a qualifying insurance policy.

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

Particulars	Gratuity ( Funded )	
	2009-10	2008-09
Discount Rate	8.25%	8%
Rate of Increase in Compensation Levels	6.00%	5.50%
Rate of Return of plan assets	8.25%	8%
Employee Turnover	1%	1%

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.

**Net employee benefit expense (recognised in employee cost) (Rs in lacs)**

Particulars	2009-10	2008-09
Current service cost	12.10	11.41
Interest cost	14.58	12.58
Expected return on plan assets	(14.80)	(12.92)
Net actuarial (gain) / loss recognised in the year	6.36	5.85
Net benefit expense	18.24	16.92

**Balance Sheet**

**Details of Provision for Gratuity (Rs. in lacs)**

Particulars	2009-10	2008-09
Defined benefit obligation	214.60	182.19
Fair value of plan assets	208.63	185.02
	5.97	(2.83)
Less: Unrecognised past service cost	-	-
	5.97	(2.83)

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

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>2009-10</b>	<b>2008-09</b>
Opening defined benefit obligation	<b>182.19</b>	157.25
Interest cost on benefit obligation	<b>14.58</b>	12.58
Current service cost	<b>12.10</b>	11.41
Benefits paid	<b>(2.92)</b>	(6.76)
Actuarial (gains)/losses on obligation	<b>8.65</b>	7.71
Closing defined benefit obligation	<b>214.60</b>	182.19

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

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>2009-10</b>	<b>2008-09</b>
Opening fair value of plan assets	<b>185.02</b>	161.57
Expected return	<b>14.80</b>	12.92
Contributions by employer	<b>9.45</b>	15.42
Benefits paid	<b>(2.92)</b>	(6.75)
Actuarial gains / (losses)	<b>2.29</b>	1.86
Closing fair value of plan assets	<b>208.64</b>	185.02

**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.1,62,23,616/- ( P.Y Rs.71,85,687/- ) has been recognised for expected warranty claims at 1% on products sold during the Current financial year. The warranty claims are for the period of 12 months and hence it is expected that the expenditure towards warranty will be incurred in the next financial year.

**7. EARNING PER SHARE**

	<b>2009-10</b>	<b>2008-09</b>
The numerator and the denominator used to calculate basis and diluted Earning Per Share.	<b>Rupees</b>	<b>Rupees</b>
(a) Net Profit available to equity shareholders	<b>128,025,493</b>	152,270,285
(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>22.19</b>	26.40
(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	2009-10 Rupees	2008-09 Rupees
<b>DEFERRED TAX ASSETS:</b>		
Provision for Leave Encashment, Bonus and Gratuity	2,635,690	2,223,107
	<u>2,635,690</u>	<u>2,223,107</u>
<b>DEFERRED TAX LIABILITY:</b>		
Excess of written down value as per books of accounts over Income Tax Written down value.	30,056,348	37,545,651
<b>NET DEFERRED TAX LIABILITY</b>	<u>27,420,658</u>	<u>35,322,544</u>

**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	-	-	-
EURO	SELL	1	(100.41)	(151092)
GBP	SELL	-	-	-
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 2010	As at 31st March 2009
<b>Payable Against Import of Goods and Services</b>		
<u>Rupees in Lacs</u>	107.00	893.33
Pound Sterling	75,408.52	63,739.80
Euro	52,410.00	1,242,348.20
US Dollar	33,100.83	10,907.30
<b>Advance Payment to Supplier</b>		
<u>Rupees in Lacs</u>	51.76	40.85
Pound Sterling	0.00	2,717.40
Euro	76,594.00	58,815.70
JPY	968,440.00	-



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

- |  |   |
|--|---|
| <b>[i] Associate</b>                             | <b>:</b> Elecon Engineering Company Ltd.<br>Wizard FinCap Ltd.<br>Eimco Elecon Electricals Ltd.<br>Madhuban Prayas Resorts Limited  |
| <b>[ii] Enterprise indirectly controlled</b>     | <b>:</b> Emtici Engineering Ltd.<br>Prayas Engineering Ltd.<br>Power Build Ltd.<br>Narmada Travel Services Ltd.<br>Elecon Information Technology Ltd.<br>Akkaish Mechatronics Ltd.<br>Speciality Woodpack Pvt. Ltd.<br>Ringspann Elecon (I) Ltd.<br>Bipra Investment & Trusts Ltd.<br>Devkishan Investments Pvt. Ltd.<br>K. B. Investments Pvt. Ltd.<br>Elecon Australia Pty. Ltd.<br>Elecon Africa Pty. Ltd.<br>Elecon Singapore Pte. Ltd.<br>Elecon Middle East FZCO<br>Elecon Engineering (Suzhou) Co Ltd. |
| <b>[iii] Collaborators</b>                       | <b>:</b> Sandvik Tamrock-France<br>Sandvik Asia Ltd-Pune<br>Sandvik Mining & Construction-Singapore<br>Sandvik Mining & Construction-UK<br>Sandvik Mining & Construction-USA<br>Voest Alpine - SA<br>Tamrock Great Britain Holdings Ltd.  |
| <b>[iv] Key Management Personnel</b>             | <b>:</b> Shri P. B. Patel<br>Shri A. M. Deshpande   |
| <b>[v] Relatives of Key Management Personnel</b> | <b>:</b> 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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
SALES								3,119,680			-	3,119,680
PURCHASES	28,972,877	46,869,699					45,178,549	47,574,513	17,655,555	7,539,556	91,806,981	101,983,768
PROVI./RECEIPT OF MGT/ OTH SERV.							5,359,794	3,810,581			5,359,794	3,810,581
LOANS GIVEN											-	-
LOANS TAKEN											-	-
INTEREST RECEIVED											-	-
INTEREST GIVEN											-	-
COMMISSION EXPENSE							222,718,042	210,949,436			222,718,042	210,949,436
COMMISSION INCOME									112,715	11,609,067	112,715	11,609,067
SALES OF FIXED ASSETS	596,750						225,533				822,283	-
PURCHASE OF FIXED ASSETS							1,034,476	397,450			1,034,476	397,450
SALE / REDEMPTION OF INVESTMENT	120,000						14,000,000				14,120,000	-
ISSUE OF PREFERENCE SHARES											-	-
PURCHASE OF EQUITY SHARES		1,000,000									-	1,000,000
REMUNERATION-MD& Wholetime Director			15,103,885	16,427,288							15,103,885	16,427,288
DIRECTOR SITTING FEES					90,000	40,000					90,000	40,000
RENT INCOME	3,682,329	6,974,101					2,185,602	4,455,769			5,867,931	11,429,870
RENT EXPENSE	5,653,684	4,240,710					992,700	1,009,695			6,646,384	5,250,405
JOB-WORK EXPENSE	819,867	674,200					22,622,259	12,710,637			23,442,126	13,384,837
JOB-WORK INCOME	4,188,449	6,023,147					184,559	511,395			4,373,008	6,534,542
OTHER EXPENSES(NET)	4,829,134	5,732,802					13,971,535	9,441,192			18,800,669	15,173,994
OTHER INCOME							119,523				119,523	-
ASSETS LEASE EXP	2,630,492	2,878,223									2,630,492	2,878,223
DIVIDEND RECEIVED	2,800,000	447,541									2,800,000	447,541
DIVIDEND PAID							5,791,500	5,791,500			5,791,500	5,791,500



## NOTES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 14

Disclosure of Loans & Advances to Associates/ Companies in which Directors are interested	Amount outstanding as on 31.03.2010	Maximum amount outstanding during the year	Amount outstanding as on 31.03.2009	Maximum amount outstanding during the year
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.</b>	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>2009-10</b>	<b>2008-09</b>
		<b>Rupees</b>	<b>Rupees</b>
	<b>Net Profit as per Profit and Loss Account</b>	<b>128,025,493</b>	152,270,285
<b>Add :</b>	[i] Depreciation as Provided in Books	<b>69,478,422</b>	74,182,472
	[ii] Provision for Taxation	<b>72,200,000</b>	89,556,628
	[iii] Provision for Deferred Taxation	<b>(7,901,886)</b>	(9,779,495)
	[iv] Excess Provision of Income Tax No longer required	<b>(1,330,065)</b>	-
	[v] Fringe Benefit Tax	-	1,511,207
	[vi] Whole-time Director's Remuneration	<b>5,358,808</b>	4,773,058
	[vi] Managing Director's Remuneration	<b>9,745,077</b>	11,654,230
	[viii] Directors' Sitting Fees	<b>370,000</b>	270,000
		<b>275,945,849</b>	324,438,385
<b>Less :</b>	[i] Profit on Sale of Investments	<b>1,622,011</b>	-
	[ii] Profit on Sale of Fixed Assets	-	-
		<b>274,323,838</b>	324,438,385
<b>Less :</b>	[i] Depreciation as per Section 350 of the Companies Act, 1956	<b>69,478,422</b>	74,182,472
	<b>Net Profit</b>	<b>204,845,416</b>	250,255,913
<b>Remuneration to Managing Director</b>			
Salary		<b>4,745,077</b>	3,954,231
Commission		<b>5,000,000</b>	7,700,000
<b>Remuneration to Whole Time Director</b>			
Salary		<b>3,558,808</b>	3,273,058
Commission		<b>1,800,000</b>	1,500,000
		<b>15,103,885</b>	16,427,289

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

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

	<b>2009-10</b>	<b>2008-09</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>a. Statutory Auditors :</b>		
As Audit Fees	<b>130,000</b>	130,000
Fees for Certification Work	<b>115,500</b>	8,999
Out of Pocket Expenses	<b>91,969</b>	100,613
<b>b Tax Auditors</b>		
Tax Audit Fees	<b>30,000</b>	30,000
<b>Total..</b>	<b><u>367,469</u></b>	<b><u>269,612</u></b>

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

		<b>2009-10</b>			<b>2008-09</b>		
<b>Class of Products.</b>		<b>Licensed Capacity</b>	<b>Installed Capacity*</b>	<b>Actual Production</b>	<b>Licensed Capacity</b>	<b>Installed Capacity</b>	<b>Actual Production</b>
I Tunnelling Loaders with various attachments other than Road Headers	<b>Nos.</b>	<b>400</b>	<b>350</b>	<b>267</b>	400	350	196
II Drilling & Roof Bolting Jumbo for mining	<b>Nos.</b>	<b>55</b>	<b>30</b>	<b>-</b>	55	30	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	<b>Nos.</b>	<b>50</b>	<b>30</b>	<b>-</b>	50	30	-
IV Air Motors	<b>Nos.</b>	<b>500</b>	<b>300</b>	<b>161**</b>	500	300	109**
V Spares for above		<b>1400 lacs</b>	<b>2500 lacs</b>	<b>8,013.27 (sales value)</b>	1400 lacs	2500 lacs	8,353.39 (sales value)
VI Hydraulic Cylinders	<b>Nos.</b>	<b>3000</b>	<b>2000</b>	<b>186***</b>	3000	2000	826***
VII Blasthole & Water well drilling rigs	<b>Nos.</b>	<b>50</b>	<b>10</b>	<b>5</b>	50	10	-
VIII Continuous Miner	<b>Nos.</b>	<b>25</b>	<b>10</b>	<b>-</b>	25	10	-
IX Construction Equipment	<b>Nos.</b>	<b>900</b>	<b>400</b>	<b>12</b>	900	400	10

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

\*\*Includes 32 (49) numbers for captive consumption.

\*\*\*Includes 17 (661) numbers for captive consumption.



## NOTES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 14

Stock	2009-10				2008-09			
	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	7,962,309	2	7,842,167	2	7,109,852	2	7,962,309
II Drilling & Roof Bolting Jumbo for mining	-	-	-	-	-	-	-	-
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-	-	-	-	-
IV Air Motors*	2	67,553	-	-	29	876,907	2	67,553
V Spares for above*	-	665,312,179	-	759,683,732	-	464,095,839	-	665,312,179
VI Hydraulic Cylinders*	175	3,107,674	143	2,625,691	524	8,124,137	175	3,107,674
VII Construction Equipment	3	5,103,066	1	1,584,374	-	-	3	5,103,066
VIII Blasthole & Water well drilling rigs	1	16,425,371	0**	0.00	-	-	1	16,425,371

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

\*\* Transfer to Work in Process.

Turnover	2009-10		2008-09	
	Nos.	Value Rupees	Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	267	756,580,050	196	579,148,500
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	-	-	-	-
III Air Motors	163*	5,968,345	136 *	4,573,731
IV Spares for above	-	801,327,251	-	835,339,421
V Hydraulic Cylinders	218**	290,571	1175 **	8,015,658
VI Construction Equipment	14	20,170,398	7	10,060,000
VII Blasthole & Water well drilling rigs	5	38,025,000	-	-
		<u>1,622,361,615</u>		<u>1,437,137,310</u>

\*Includes 32 (49) numbers for captive consumption.

\*\*Includes 17 (661) numbers for captive consumption.

## NOTES FORMING PART OF THE ACCOUNTS

## SCHEDULE - 14

15. Consumption of Raw Material Spares & Components :	Unit	2009-10		2008-09	
		Quantity	Value Rupees	Quantity	Value Rupees
Casting	Nos.	29100	47,040,711	22037	34,675,703
Forgings	Nos.	3070	1,199,270	2724	1,162,510
Bearings	Nos.	12964	8,693,862	10221	7,050,046
Round Bars and Plates	Tons	1278	62,246,808	1630	72,643,804
Other Raw Materials, Spares & Components			895,416,566		622,959,655
			<u>1,014,597,217</u>		<u>738,491,718</u>
16. Value of raw materials, spares and components consumed		2009-10		2008-09	
		Value Rupees	% of Total	Value Rupees	% of Total
Imported		323,212,145	32	341,125,470	46
Indigenous		691,385,072	68	397,366,248	54
		<u>1,014,597,217</u>	<u>100</u>	<u>738,491,718</u>	<u>100</u>
17. Value of Stores Consumed :		2009-10		2008-09	
Imported		-	-	-	-
Indigenous		16,301,418	100	19,209,135	100
18. CIF value of Imports in respect of :					
Components and spares		329,924,590		394,821,973	
Capital Goods		-		-	
19. Earning in Foreign exchange on account of :					
FOB Value of Sales		126,859		-	
Commission		112,715		11,609,066	
20. Expenditure in Foreign currency :					
Travelling		-		3,168,324	
Technical Know How		5,245,992		8,508,495	
Interest		2,290,312		1,456,963	
Others		5,098,823		1,436,403	
21. Amount remitted during the year in foreign currency on account of dividend :					
Number of Non-resident shareholders		1		1	
Number of shares held on which dividend was due		1,447,875		1,447,875	
Year to which dividend relates		2008-09		2007-08	
Amount remitted (net of tax)		5,791,500		5,791,500	



## NOTES FORMING PART OF THE ACCOUNTS

### SCHEDULE - 14

#### 22. INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE

	<u>2009-10</u>	<u>2008-09</u>
<b>Lease Payments During the Year</b>	<b>2,372,070</b>	2,743,572
<b>Minimum Lease Payments</b>		
Not later than one year	<b>2,379,240</b>	2,580,096
later than one year but not later than five years	<b>2,379,240</b>	2,580,096
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 disclouser, 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>28,424,510</b>
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking .	<b>297,003,884</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  
FRN 110758W

Nilesh D.Shelat  
(Company Secretary)

Mr. P. B. Patel Managing Director

Mr. A. M. Deshpande Wholetime Director

Ahmedabad  
Date : 10<sup>th</sup> May, 2010

Vallabh Vidyanagar  
Date : 10<sup>th</sup> May, 2010

**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	348,033
2.	BHAGWATI FILTERS P. LTD.	19,514
3.	ENGINEMATES HEAT TRANSFER P. LTD.	80,405
4.	EKO RUBBER INDUSTRIES	4,471
5.	HYDRO DYNE INDUSTRIES	182,978
6.	JASHPARAM ENGINEERING P. LTD.	53,765
7.	KENT INDUSTRIES	59,835
8.	MODERN ENGINEERING & SPRING CO.	3,697
9.	MINE LINE P. LTD.	5,610,454
10.	MACHINE TOOLS ENGINEERING	163,000
11.	METAL TREAT INDUSTRIES	52,906
12.	PRITESH INDUSTRIES	349,319
13.	RAJ ENGINEERING WORKS	763,869
14.	SPECTRAM ENGINEERS	53,708
15.	SHREE ENGG. WORKS	206,886
16.	PACKME INDUSTRIES	94,272
17.	GIRIRAJ INDUSTRIES	619,210
18.	A B C ENGINEERING	777,872
19.	RHYTHM INDUSTRIES	47,358
20.	ACTUASYS	97,821
21.	UNIVERSAL GASKET MFG. CO	111,639
<b>Total</b>		<b>9,701,012</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 1 0

**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 9 2 7 8 5

Total Assets

1 7 9 2 7 8 5

Sources of Funds

Paid-up Capital

5 7 6 8 3

Reserve &amp; Surplus

1 2 3 4 2 1 7

Secured Loans

8 1 6 7

Un secured Loans

1 0 2 9 6 4

Application of Funds

Net Fixed Assets

3 0 7 6 6 0

Investments

2 5 5 8 9

Net Current Assets

1 0 9 7 2 0 4

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Liability

2 7 4 2 1

Deferred Tax Asset

N I L

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

Turnover

1 6 2 2 3 6 1

Total Expenditure

1 4 5 6 2 8 7

Profit/Loss Before Tax

1 9 0 9 9 3

Profit/Loss After Tax

1 2 8 0 2 5

Earnings per Shares

2 2 . 1 9

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.34834  
FRN 110758WNilesh D. Shelat  
(Company Secretary)

Mr. P. B. Patel

Managing Director

Mr. A. M. Deshpande

Wholetime Director

Ahmedabad  
Date : 10<sup>th</sup> May, 2010Vallabh Vidyanagar  
Date : 10<sup>th</sup> May, 2010



## 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 36<sup>th</sup> Annual General Meeting of the Company to be held  
on Friday, the 30<sup>th</sup> July, 2010 at 4.00 p.m. at the Registered Office at Vallabh Vidyanagar 388 120, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

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.**