51st Annual Report 2010-11

ELECON

ELECON ENGINEERING CO. LTD.

about cover

We at Elecon keep moving forward opening new doors because we're determined to excel and this determination keeps leading us towards the new growth paths every time….The journey towards excellence has enabled Elecon reach the peaks of business eminence while, at the same time, adhering to the highest ethical standards. The cover depicts a message of how we as an Industry are serving to take India's pride higher with an immaculate sense of pride and possessiveness for the motherland by moving ahead fearlessly striking down all the challenges….

The world today has been facing many environmental concerns. Every choice made and every decision taken regarding the earth, air and the natural resources decides the future for our generations to come. We at Elecon are conscious of our responsibility towards the natural world and its conservation and are trying our best to save the Earth as we know that the world we all share is given to us in trust. "A trust of preserving it"!!!!

"Let's Preserve Our Environment"…..

And the Environment Will Preserve Us……

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board of directors

Shri Prayasvin Patel
(Chairman and Managing Director)

Shri Pradip M. Patel

Shri Chirayu R. Amin

Shri Hasmukhlal Parikh

Dr. Amritlal C.Shah

Shri Prashant Amin
Executive Director

ELECON AT A GLANCE

Elecon is enjoying around 25% market share in Industrial Gears and Power Transmission Equipments in India and also one of India's largest manufacturers of Material Handling Equipments, providing a wide range of products that are only being offered by a very few companies throughout the world. Our expertise in the manufacturing of Gears helps us to manufacture Wind Turbine Gear Boxes for the alternate energy Sector. Elecon has designed and executed several projects throughout the Globe and is a well respected name in the products and services it offers.

Having more than 50 years of experience combined with superior state of the art manufacturing facilities and a highly skilled work force, we have been catering to, and enjoying a respectable position in core sectors like Steel, Fertilizer, Cement, Coal, Lignite, Iron Ore Mines, Power Stations, Sugar, Chemical, Fertilizer, Plastic Extrusion and the Rubber industry.

Having been able to successfully decipher the changing requirements of the industry and provide them with superior products from time to time, we are the preferred choice when it comes to customized gears.

During the year, we have acquired a part of business of David Brown System Group, UK to tap business opportunities in international market. The acquisition will provide us a platform to announce Elecon's presence in the global market of Power Transmission Equipments. With this acquisition we can expand our reach to our global clients and can also provide better services to them from our foreign subsidiaries.

We are committed to technological modernization and industrial proficiency which gives us the motivation to always strive harder and harder to attain new technological milestones, to justify the adoption of the maxim "Always a step ahead in technology".

Chief Financial Officer
Shri Hemendra C. Shah

Company Secretary
Shri Paresh M. Shukla

Bankers
State Bank of India
Bank of Boroda
EXIM Bank of India
Axis Bank Limited
HDFC Bank Limited
IDBI Bank Limited
Standard Chartered Bank

Auditors
Thacker Butala Desai
Chartered Accountants
Navsari

Registered Office
Anand Sojitra Road
Vallabh
Vidyanagar-388120
Gujarat, India

five years at a glance

₹ in Mn.

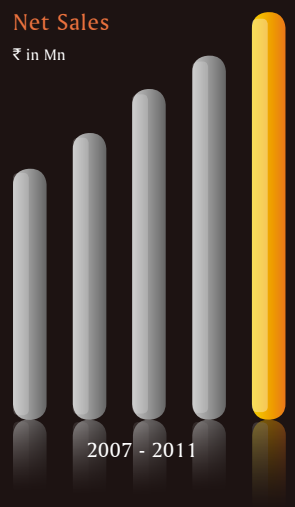
Particulars	Consolidated 2010-11		Standalone 2010-11		2009-10	2008-09	2007-08	2006-07
	US $ Mn.	₹. Mn.	US $ Mn.	₹. Mn.				
TURNOVER	288.8	12,876	**264.0**	**11,772**	**10,464**	9,551	8,264	7,206
TOTAL INCOME	295.2	13,162	**270.4**	**12,056**	**10,711**	9,646	8,362	7,289
EARNING BEFORE DEPRECIATION, INTEREST & TAX*	41.2	1,836	**39.6**	**1,765**	**1,496**	1,490	1,305	1,078
DEPRECIATION	9.1	406	**8.6**	**384**	**331**	221	142	122
PROFIT AFTER TAX	19.9	887	**19.7**	**879**	**662**	575	672	549
EQUITY DIVIDEND	3.7	167	**3.7**	**167**	**139**	139	139	46
DIVIDEND%	-	90%	-	**90%**	**75%**	75%	75%	75%
EQUITY SHARE CAPITAL	4.2	186	**4.2**	**186**	**186**	186	186	61
RESERVE & SURPLUS	89.7	3,998	**84.3**	**3,760**	**3,075**	2,568	2,181	1,817
NET WORTH	93.0	4,148	**87.7**	**3,912**	**3,235**	2,737	2,358	1,874
GROSS FIXED ASSETS	155.5	6,935	**127.9**	**5,705**	**5,273**	4,559	3,165	2,511
NET FIXED ASSETS	97.6	4,350	**82.6**	**3,685**	**3,622**	3,110	1,931	1,267
TOTAL ASSETS	381.2	16,997	**329.5**	**14,692**	**12,968**	13,320	10,131	7,441
TOTAL EMPLOYEES (Nos.)	-	-	**1,197**	**1,069**	889	801	746	
KEY INDICATORS	US $		US $					
BASIC EARNINGS PER SHARE(₹)	0.22	9.69	**0.21**	**9.47**	**7.13**	6.19	7.24	18.30
DEBT EQUITY RATIO (TOTAL DEBT:EQUITY)	-	1.56	-	**1.36**	**1.61**	2.16	1.73	1.51
EBIDTA*/TURNOVER %	-	14.26	-	**14.99**	**14.29**	15.61	15.79	14.95
NET PROFIT MARGIN%	-	6.89	-	**7.47**	**6.32**	6.02	8.13	7.62
RETURN ON NET WORTH%	-	21.38	-	**22.48**	**20.46**	20.99	28.39	29.29
RETURN ON CAPITAL EMPLOYED%	-	8.04	-	**9.49**	**7.52**	6.47	10.13	11.44

Exchange Rate : 1 US$ = ₹ 44.59 (as on 31-3-2011).

* Extraordinary items and other income are not considered for calculating EBIDTA

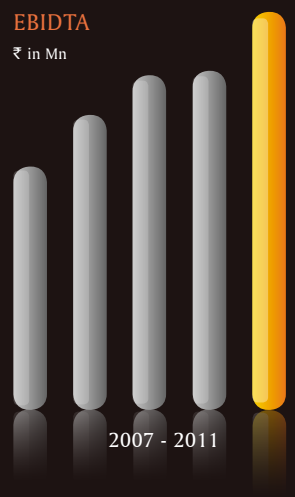
Figures are rounded of to nearest US $ Mn. / ₹ in Mn.

performance indicators:



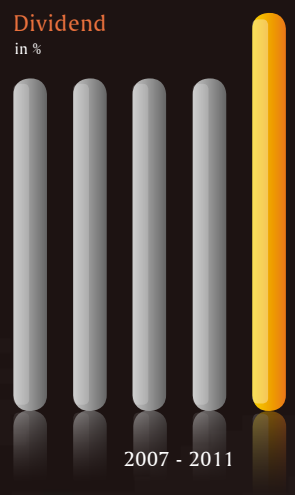
12.50%
increase from 2010

₹ 11,772	2011
₹ 10,464	2010
₹ 9,551	2009
₹ 8,264	2008
₹ 7,206	2007



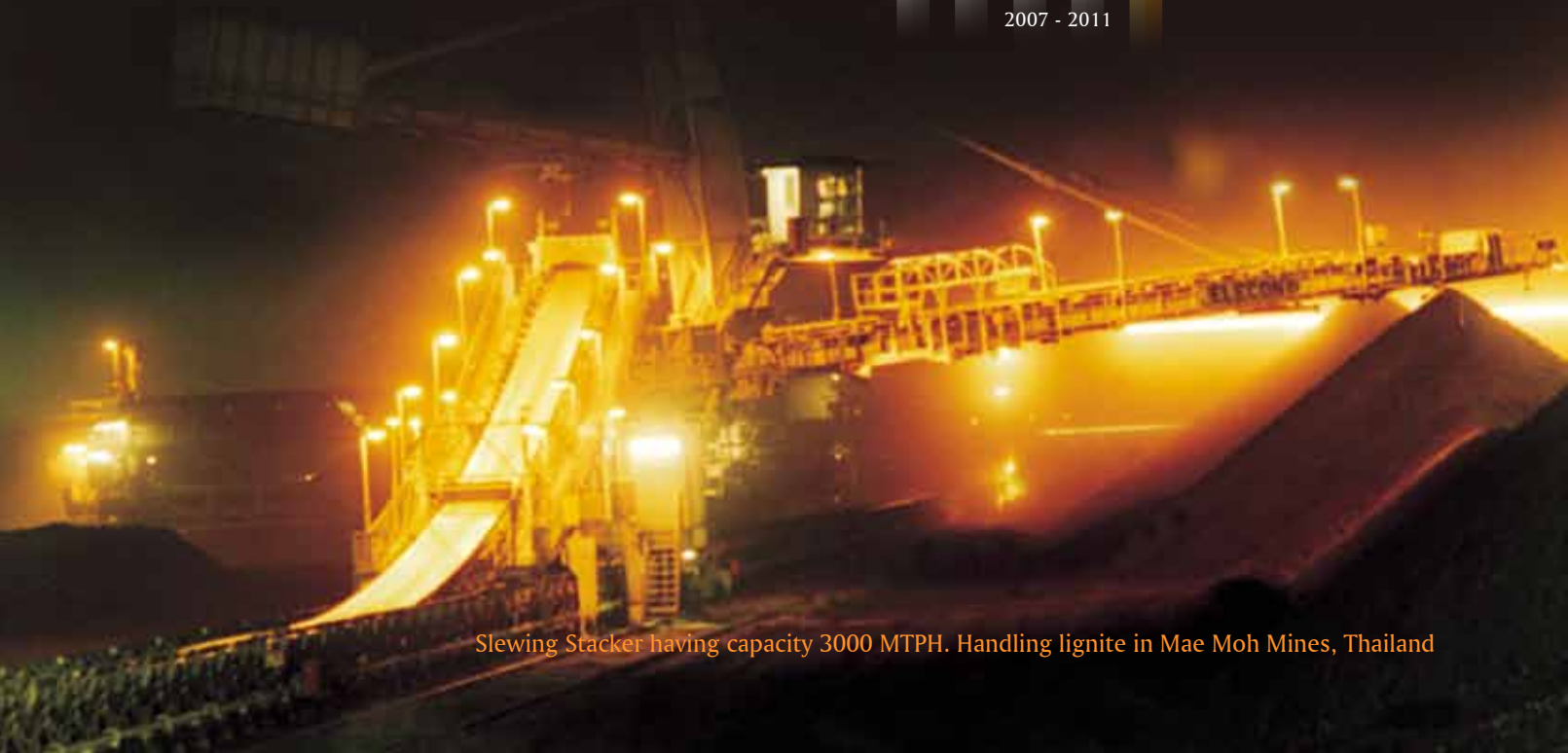
17.98%
increase from 2010

₹ 1,765	2011
₹ 1,496	2010
₹ 1,490	2009
₹ 1,305	2008
₹ 1,078	2007



20.00%
increase from 2010

90%	2011
75%	2010
75%	2009
75%	2008
75%	2007



Slewing Stacker having capacity 3000 MTPH. Handling lignite in Mae Moh Mines, Thailand

management insight

"Our long standing commitment to modernization is helping us in expanding the horizon and open up new business avenues duly backed by our expertise in engineering. With a high level of commitment to business ethics and social responsibility we are marching towards our journey of adding value to our customers' operations and providing more value to all our stakeholders."

- Prayasvin Patel
Chairman & Managing Director

"Elecon today, is on a path of aggressive growth, heralded by our successful acquisition of Benzlers-Radicon businesses from David Brown and its integration with ELECON. We are constantly on the look-out for new opportunities to expand our reach and enter into new markets around the globe. In the process of growing into a multi-national enterprise, we are continuously re-aligning our strategy to stay ahead in the market and be adaptable to its changing needs. We are committed to keep investing in the appropriate talent, while nurturing and creatively harnessing our expertise to provide value to our customers and stakeholders"

- Prashant Amin
Executive Director

"In a volatile economic environment, we strive to improve financial and operational performance to meet upcoming challenges and exciting opportunities in the dynamic industrial environment. This has helped us to raise finances for our first overseas acquisition in the history of Elecon at best competitive terms. It is gratifying to see our stakeholders being rewarded for believing in our ability to pursue sound business strategy and financial policies prudently & consistently."

- Hemendra Shah
Vice-President (Commercial) & CFO

"The global forces will drive business strategy over the next five years. Foreign brands have launched and new markets are explored. The need has come to be more agile and move from a position of relying on periodic sustainability performance data, to a model closer to a real-time sustainability management. Sustainable development is no longer considered a marketing fad, but is integral of business strategy. We in Elecon are putting in place the governance and management systems to ensure that sustainability issues relevant to our business are addressed comprehensively. With focus on human capital, technology enhancement, customer satisfaction and timely delivery, we are sure of achieving Sustainable and improved business."

- Phani Kumar,
CEO, MHE Division

"We are geared up to improve product reliability and Operation efficiency to optimise the bottom line keeping Top line as high as possible to gain maximum profitability."

- Vilas Kalyankar,
CEO, Gear Division

corporate social responsibility

Corporate Social Responsibility is the continuing commitment by Elecon to contribute towards the economic development while improving the quality of life of its people, customers as well as the community and society at large"...

Elecon has a longstanding commitment to addressing the needs of the Society, in view of its belief that for any economic development to be meaningful, the benefits from the business must trickle down to the Society. Few years ago, ELCARE and ELF, an expression of Elecon's Corporate Social Responsibility, were born. The objective of these foundations is comprehensive community development. Activities like community welfare, educational support to the bright students by providing them scholarships, healthcare support to the physically challenged, adoption of backward villages and working towards their upliftment, and also contributing on a positive note to three schools and three parks that we have built in and around Vallabh Vidyanagar, Gujarat are few of them.

This year the major involvements were eye check up camp at Shankara Eye Hospital for the children of blind school Mogri, Mega Blood Donation camp.

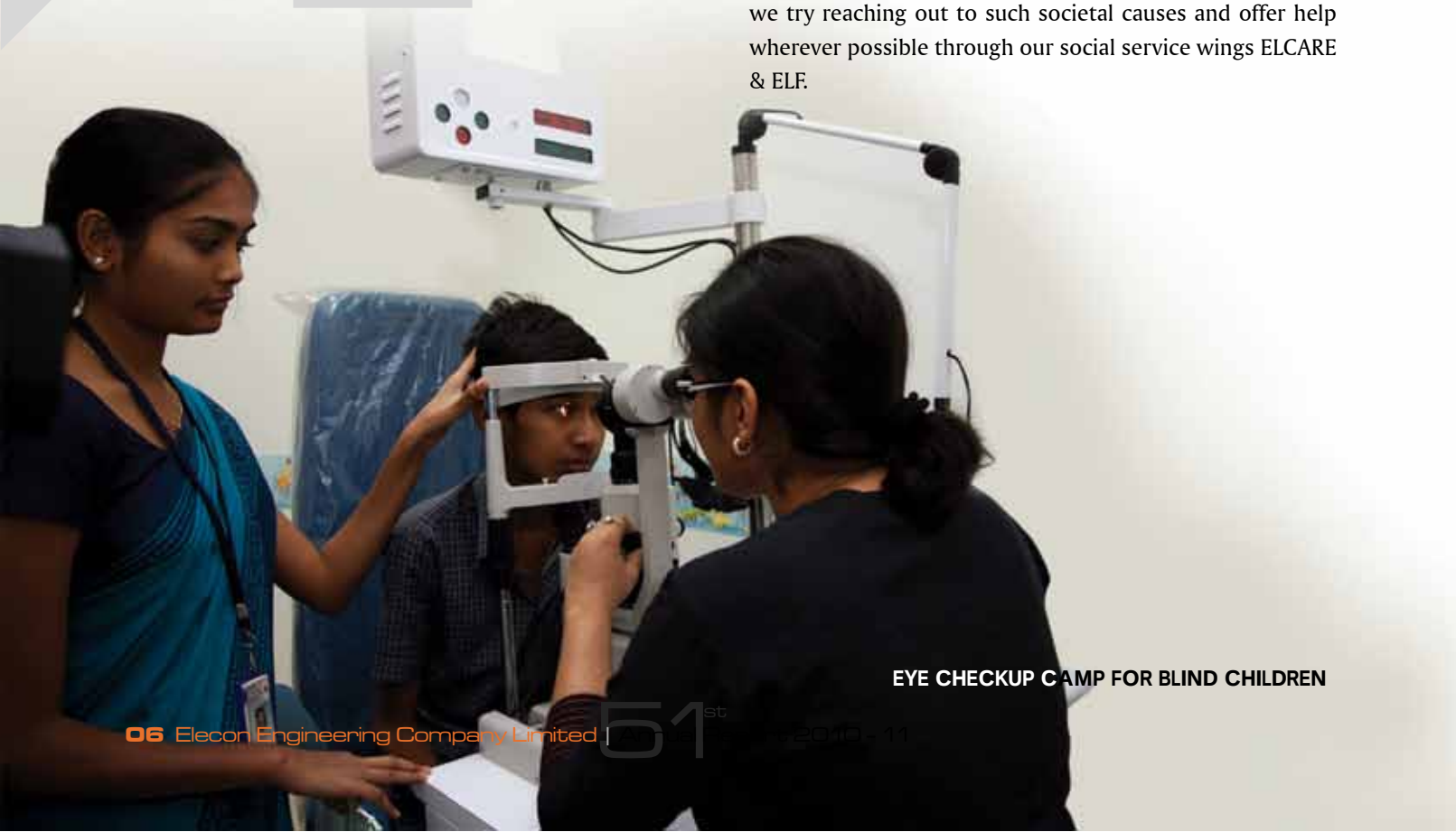
EYE CHECKUP CAMP FOR BLIND CHILDREN

ELF as a part of the endeavor for continuously supporting the socially and economically weaker sections of the society, arranged an eye check up camp for the physically challenged students of Blind School, Mogri at Shankara Eye Hospital, Mogar. Around 90 students were examined where the probable positive cases were identified and now It is a mission for ELF to bring back the visions of these little children whose world is bound by the limits of the touch they feel and words they hear and making them capable enough to stand on their own…

MEGA BLOOD DONATION CAMP

Human blood for transfusion is the only form of treatment that cannot be manufactured by factories. Blood is a valuable human resource, and so far, incomparable. Hence we at Elecon make it a point to arrange Mega Blood Donation Camp atleast once a year to fill the shortage that the country faces for blood each year. Probably 400 million units of blood are needed each year out of which 5 million units is being collected, resulting into huge shortage.

This year the Mega Blood Donation camp was organized by ELCARE in affiliation with Indian Red Cross society and A.D Gorwala Blood Bank of Krishna Medical, Karamsad where 1117 units of Blood Bags were collected breaking the records in Anand and the vicinity areas. Hence, we try reaching out to such societal causes and offer help wherever possible through our social service wings ELCARE & ELF.



EYE CHECKUP CAMP FOR BLIND CHILDREN

Fully Automatic Reversible Hammer Crushers, (Rate 500 T Per Hour), Supplied To Posco E &C, South Korea For (-)3 mm Product

Elecon has grown to become the largest Company having the facility of providing wide range of almost all types of Bulk Material Handling Equipments and products under one roof. Such facility helps customers to save their time and cost in finding various options from different suppliers/ places. to choose from. There are very few Companies in India who supplies hi-tech material handling equipments to various core sectors across the globe and we proud to be one of them.

Manufacturing Strength

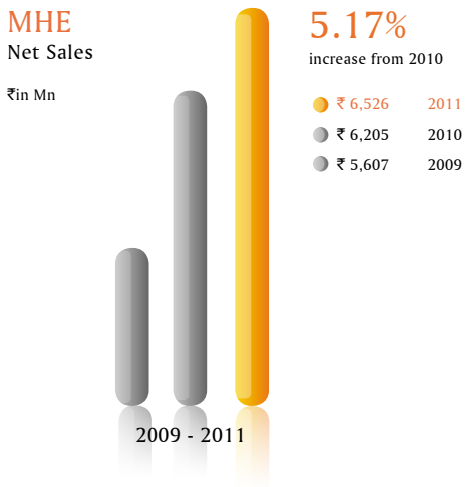
The division has a manufacturing facility spread over 1,17,000 sq. mts., housing CNC machine tools for manufacturing and state of the art test equipment for quality control.

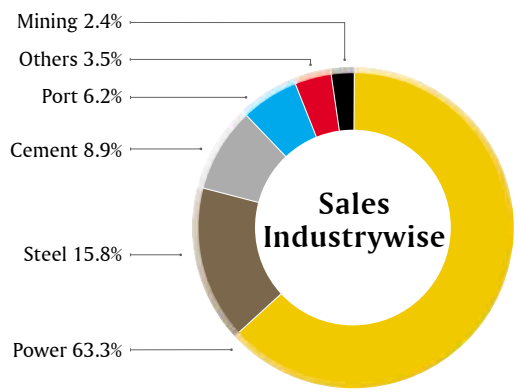
- Elecon made various technical collaborations through which Elecon will avail technical support in Pipe Conveyor, Belt Conveyor System, Long Distance through Conveyor, High Speed Conveyors and Curve Conveyors.

Noteworthy Achievements

- Various orders worth ₹ 2,252 Mn received from Tecpro Systems Ltd., Chennai for the supply of Stockyard equipments : Stacker / Reclaimers / Stacker cum Reclaimers, Drive units, Roller Screen, Crushers, Apron Feeders, Wagon Tippler, Side Arm Charger etc.
- Orders worth ₹ 948 Mn. received from GMR Infrastructure Ltd., Bangaluru for the supply of stacker reclaimers, wagon tippler, conveyor system and other associated equipments for CHP, EMCO Energy Thermal Power Project at Warora, Maharashtra.
- Orders worth ₹ 519 Mn. received from BGR Energy

Net Sales for **MHE Division** increased by **5.17 %** from **₹ 6,205 Mn** in 2009-10 to **₹ 6526 Mn** in 2010-11



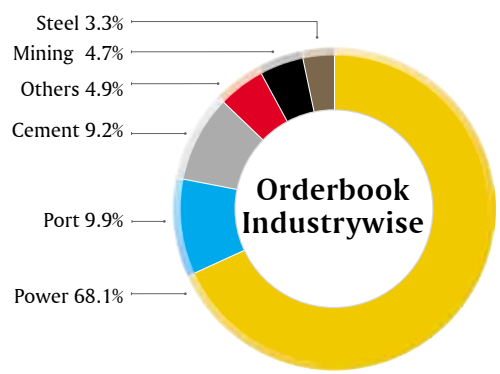


The Power sector was the highest contributor with almost 63.3 % share followed by Steel with 15.8 % share

Systems Ltd., for the supply of stracker reclaimer, wagon tippler, side arm charger, apron feeder, wobbler feeder and impactor for CHP, Project at Chandrapur Super Thermal Power Station, Maharashtra.

Growth Drivers

The increased demand of infrastructural projects resulting into high demand for material handling solution helped the Company to maintain its growth momentum. The importance given to the industries like Power, Ports, etc. by the Government in its policy will spur the demand which further contribute in the growth of the MHE.



Heavy Duty Dual Tendum Gear Box for Mill Drive

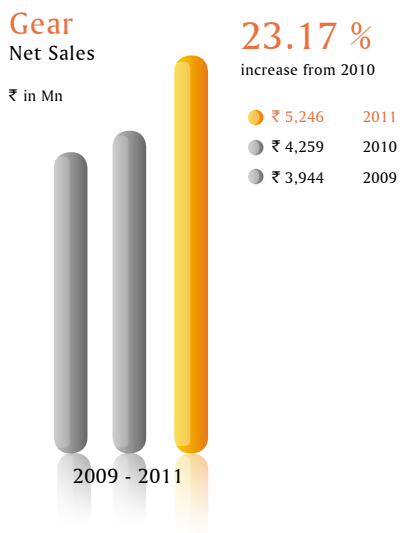
Elecon is one of the largest manufacturers of industrial gears and was the first company in India to introduce modular design concept, case hardened and ground gear technology. Elecon is the preferred gear supplier of choice to core sectors like Sugar, Cement, Steel, Fertilizer, Plastic Extrusion and Rubber when it comes to the gear products. Elecon was the first industrial gear manufacturer in India to achieve the ISO 9001:2008 version in 2010.

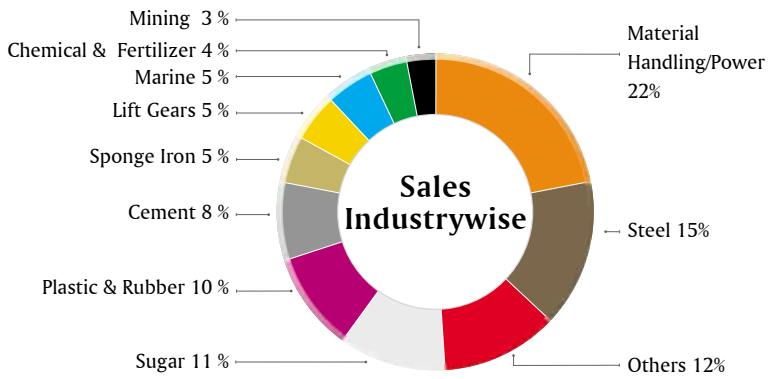
Manufacturing Strength

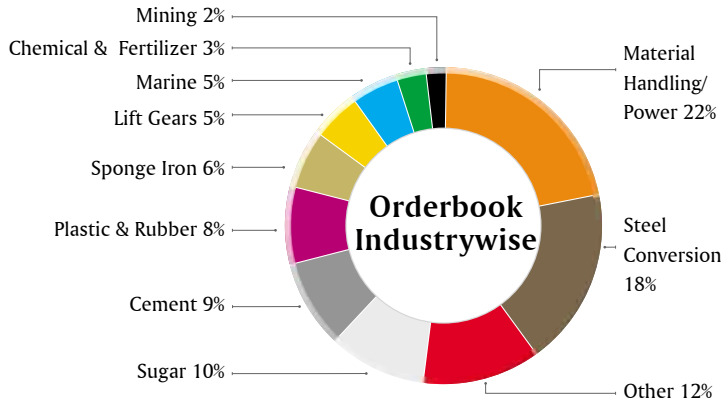
The manufacturing facility at Gear Division of Elecon is one of the largest in Asia and we manufacture the largest range of gears in Asia. Our plant is acknowledged as one of the most modern facility and has received appreciation throughout the globe. Elecon is the only manufacturer in India to build MW Class Gearboxes and is the first one to do so. We are also the only manufacturers of Vertical Roller Mill Gear for the power and cement industry.

Growth Drivers

With vast experience in the manufacturing of Power Transmission equipments, Elecon has gained technical expertise which helps us understand the needs of customers and accordingly provides them with superior solutions. Elecon is the preferred choice when it comes to customized products. This prominence enables us to have an edge over other players in the market.







Net Sales for **Gear Division** increased by **23.17 %** from **₹ 4259 Mn** in 2009-10 to **₹ 5246 Mn** in 2010-11

SMM Worm Gear Box

Prayasvin B. Patel
Chairman & Managing Director

Dear Members,

Your Directors have pleasure in presenting this 51st Annual Report together with the Audited Statements of Accounts for the year ended on March 31, 2011.

Your Directors always try to maximize the value to the share holders. We have maintained our tradition of coming forth with high quality content and services. Our tradition in no way inhibits our capacity for innovations.

As trustees of the Company, we share our vision of growth with you. Our guiding principles are a blend of realism and optimism which has been and will be the guiding force of all our future endeavours.

The summary of operating results for the year and appropriation of divisible profits is given below:

Review of Operations

~ Standalone financial performance

For the year ended on 31st March, 2011, the Company has achieved Turnover of ₹ 11,772.09 Mn. and Net Profit of ₹ 879.21 Mn. as against the Turnover of ₹ 10,463.70 Mn. and Net Profit of ₹ 661.75 Mn. respectively during the previous year, representing increase in Turnover of 12.50% and increase in Net Profit by 32.86%.

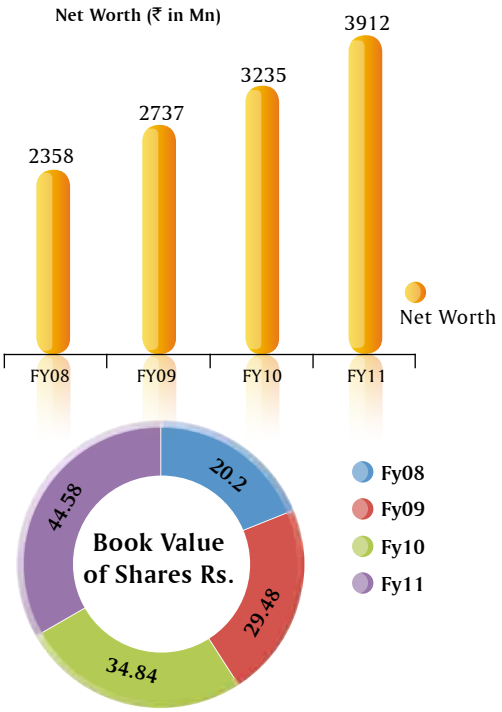
The Company holds total unexecuted orders worth ₹ 13,840 Mn. Out of which ₹ 10,590 Mn. is for the MHE division and ₹ 3,250 Mn. is for the Gear Division as of March 31, 2011. This will help us to continue to have sustainable growth in coming years. Your Company has ability to attend substantial live enquiries with excellence.

~ Consolidated operations

In compliance with the applicable Clauses of the Listing Agreements with the Stock Exchanges, the Company has prepared Consolidated Financial Statements as per the Accounting Standard on Consolidated Financial Statements (AS 21, AS 23 & AS 27) issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to

(₹ in Mn)

Year Ended March 31,	Standalone		Consolidated
	2010-11	2009-10	2010-11
Profit Before Tax, Interest, Depreciation & Adjustments for previous year	2049.42	1743.26	2121.86
Less : Interest	458.26	508.89	485.46
Depreciation	384.26	331.20	406.38
Profit Before Tax	1206.90	903.17	1230.02
Less: Provision for Tax	319.63	166.64	337.02
Deferred Tax	8.06	74.78	6.31
FBT	--	--	--
Profit After Tax	879.21	661.75	886.69
Add:			
Share of Profits of Associates	--	--	12.89
Adjustment of Previous Years	--	7.74	--
Previous Year Balance Brought Forward	207.94	200.87	203.75
PROFIT AVAILABLE FOR APPROPRIATION	1087.15	870.36	1103.33
APPROPRIATIONS:			
Proposed Dividend	167.15	139.29	167.15
Income Tax on Dividend	27.12	23.13	27.74
Transfer to General Reserve	650.00	500.00	667.45
Balance Carried Forward	242.88	207.94	240.99



this Annual Report.

This is the first year of consolidation. Your Company's total consolidated revenue for the year 2010-11 was ₹ 12,876.14 Mn. The Net Profit after provision for taxation for the year ended 31st March, 2011 was ₹ 899.58 Mn. The basic earnings per share for the year was ₹ 9.69. Your Company's consolidated net worth is ₹ 4,147.58 Mn. as on 31 March, 2011.

Dividend

Your Directors are pleased to recommend dividend of ₹ 1.80 per share (previous year ₹ 1.50 per share on 9,28,61,510 equity shares of ₹ 2/- each) on 9,28,61,510 equity shares of ₹ 2/- each for the year ended on 31st March, 2011.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts of the Company for the year ended on March 31, 2011, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the accounts have been prepared on a "going concern" basis.

Directors

Retire by rotation

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pradip M. Patel and Shri Chirayu Amin, Directors retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

Re-appointment of Shri Prayasvin B. Patel as Chairman and Managing Director

The tenure of Shri Prayasvin B. Patel, Chairman & Managing Director of the Company will expire on 30th June, 2011. The Remuneration Committee and the Board of Directors at their respective meetings held on 24th May, 2011 recommended and approved the re-appointment of and payment of remuneration to Shri Prayasvin B. Patel as Chairman & Managing Director of the Company for a further period of three years w.e.f. 1st July, 2011, subject to the approval of Shareholders. Terms and conditions for his re-appointment are contained in the Explanatory Statement forming part of the notice of the ensuing Annual General Meeting.

Appointment of Shri Prashant C. Amin as an Executive Director

Shri Prashant C. Amin has been appointed as Director liable to retire by rotation w.e.f. 29th July, 2008. The Remuneration Committee and the

Board of Directors at their respective meetings held on 24th May, 2011 recommended and approved the appointment of and payment of remuneration to Shri Prashant C. Amin as Executive Director of the Company for a period of three years w.e.f. 1st June, 2011, subject to the approval of Shareholders. Terms and conditions for his re-appointment are contained in the Explanatory Statement forming part of the notice of the ensuing Annual General Meeting.

Auditors

The Company's Auditors M/s. Thacker Butala Desai, Chartered Accountants, Navsari retire as Statutory Auditors at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Subsidiary Companies

During the year under review, the Company has incorporated a Wholly Owned Subsidiary, (WOS) in Mauritius, namely, Elecon Transmission International Ltd. to acquire the business of Benzlers-Radicon Group, a Sub-Group of David Brown Gear Systems Group, UK. the said WOS has executed Sale and Purchase Agreement (SPA) to acquire 100% stake in the business of 1) David Brown Systems Sweden AB (Sweden), 2) Applied Transmission Products Division of David Brown Geared Systems Limited (U.K) and 3) Geared Motor Division of Cone Drive Operations Inc. (U.S) (the "Business") of the David Brown Gear Systems Group. The WOS has also paid the acquisition consideration to the Seller on 26.11.2010.

The following eleven subsidiaries were set up / acquired during the year:

1. Elecon Transmission International Ltd., Mauritius.
2. Radicon Transmission UK Ltd.
3. Elecon USA Transmission Ltd.
4. David Brown Systems Sweden AB
5. AB Benzlers, Sweden
6. Benzler Technisch Buro Aandrijftechniek B.V. (The Netherlands)
7. Benzler Transmission A.S. (Denmark)
8. Benzler Andtriebstech nik GmbH (Germany)
9. Oy Benzler AB (Finland)
10. Benzlers Antriebstechnik Gesmbh, Austria
11. Benzlers Malaysia, Malaysia

Major activities by those subsidiaries:-

Radicon Transmission UK Ltd.

| Warehouse and offices currently located at DB site, Huddersfield, UK | Warehousing, service, assembly, sales office | Engineering: design and applications | There are total 58 Employees at present | Relocation to alternative premises in November 2011

Elecon USA Transmission Ltd

| Site located in Traverse City, Michigan | Warehousing, Assembly, Testing | Growth opportunities through regional focus, product expansion, sales team focus

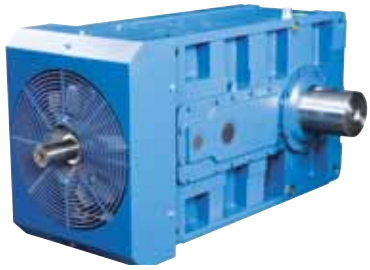
AB Benzlers, Sweden

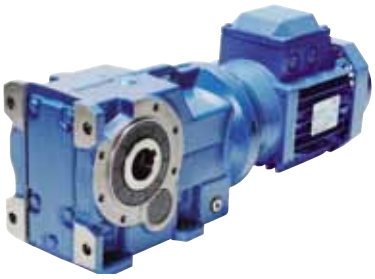
| Plant located in Helsingborg, Sweden | Property owned by AB Benzlers | Manufacturing , Assembly, Testing, Warehousing | Engineering: Design and Applications | At present, there are total 99 Employees | Satellite service centre in Orebro (central Sweden) opens April 2011

Benzler Technisch Buro Aandrijftechniek B.V. (The Netherlands)

| Site located in Venlo, Netherlands | Warehousing, service, assembly, sales office | Well positioned to serve Central Europe

Range of Products





Benzlers-Radicon Intellectual Property acquired:

Brands :

RADICON BENZLERS SWIFT CENTRE SALA

Products & Range Designs

| Series G Industrial Reducer | Series H Industrial Reducer | Series BD Screw Jacks | Series BS Worm Drive | Series BTM Shaft Mount Reducer | Series A Mid Worm Drive | Series J Shaft Mount Reducer | Series X Couplings | Roloid Gear Pump | Kibo Taper Release System

By virtue of this acquisition, your Company can expand its operations in various Countries across the globe either directly or through its Subsidiary Companies.

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated 8th February, 2011, exempt Companies from attaching to its Balance Sheet,

the individual Annual Reports of its subsidiary companies. As per the Circular, the consolidated financial statements of the Company and all its subsidiaries duly audited by its statutory auditors are included in the Annual Report.

Shareholders interested in obtaining the statement of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiary Companies may obtain the same by writing to the Company Secretary of the Company.

The annual accounts of subsidiary Companies are available for inspection by any investor at the registered office of the Company.

Joint Venture

Ringspann GmbH, Germany, a joint venture partner in Ringspann Elecon (India) Ltd., a Joint Venture Company ("JVC") has made divestment of their entire shareholding by selling their stake to Elecon Group of Companies. In view of the said divestment, the said JVC has applied for the change of name. The JVC will continue to use the technology of the outgoing German partner for its captive consumption.

Corporate Governance

As per Clause 49 of the Listing Agreement, a report on Corporate Governance, together with Management Discussion and Analysis and a certificate from the Company's Auditors form part of this report.

Your Company, acknowledging its corporate responsibility, has voluntarily obtained a "Secretarial Compliance Report" from Mr. Ashwin Shah, Company Secretary in whole-time practice, which is annexed to this Report.

Your Company is committed to maintain the highest standards of Corporate Governance, reinforcing the valuable relationship between the Company and its Stakeholders.

Fixed Deposits

During the year under review, your Company has not accepted any fixed deposits under the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Public Deposits) Rules, 1975. There are no unclaimed deposits as on 31st March, 2011.

Particulars of Employees

Statement as per Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 as amended is annexed to this Report as Annexure A, forming part of this Report.

Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars required to be furnished under Section 217(1)(e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in Annexure B, forming part of this report.

Statutory Disclosures

None of the Directors of your Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

Insurance

The Company takes a very pragmatic approach towards insurance. Adequate cover has been taken for all movable and immovable assets for various types of risks.

Industrial Relations/Personnel

Your Company is committed to upholding its excellent reputation in the field of Industrial relations. Through continuous efforts the Company invests and improvises development programmes for its employees.

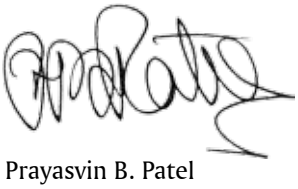
Acknowledgement

As trustees of the Company, the Directors acknowledge the unstinted support received from Vendors, Traders, Customers, Banks, Financial Institutions, Shareholders and the society at large.

The Directors also acknowledges the support of the Bankers, Auditors, Central and State Government Officials, Solicitors, Advisors, Business Partners and Members of Elecon family. The growth of the Company would not have been possible without their unfailing support.

Your Directors look forward to having a long and fruitful relationship with all of them.

For and on behalf of Board of Directors



Prayasvin B. Patel

Chairman & Managing Director

Vallabh Vidyanagar, May 24, 2011

Individual Drive Roller Screen Supplied To Flsmith Minerals Ltd. For Utkal Almina Project.

Industry Structure and Development

The economic activities registered significant growth during the year under review compared to the last year 2009-10. The overall situation was better than we had apprehended in the aftermath of the economic slowdown. However, the growth forecasts for this year are being revised downwards. What has changed in the last few months? Higher than expected inflation in the economy and the underlying pressures coming in from commodity and crude oil prices. But food inflation will come down in a few months and petro prices are already at the top end of the curve. The interest rate hike may impact it further but will definitely impact growth more. Amidst the fluctuating factors affecting the global economy and stagnation, the Indian economy grew at close to 8%.

Though the inflationary trend, high interest rate and volatile industrial growth were major causes of concern, the Indian economy has been successfully withstood. However, demand-supply mismatches and inconsistent monsoons put the economy on an inflationary trend and the trend continues in the current year.

Your Company ended the year with stable performance and retained its position in the volatile market. The Company focused on cost control measures and product mix enrichment to sustain growth and profitability in the challenging year.

The Indian economy has emerged with remarkable rapidity from the slowdown caused by the Global financial crisis. The turnaround has been fast and strong. Growth is strong in 2010-11 with a rebound in agriculture and continued momentum in manufacturing, though there was a deceleration in services caused mainly by the deceleration in community, social and personal services, reflecting the base effect of fiscal stimulus in the previous two years.

Opportunities and Threats

Global economy is trying hard to stabilize the

growth momentum. Negative growth rates by most developed countries are now being converted into positive growth rates. The radical measures taken by Central Governments and Central Banks around the world during Global economy meltdown have helped recovery across the globe.

India will continue to be one of the drivers of global economic recovery. The economy of India maintained a strong and steady growth momentum throughout the current global economic crisis unlike many other emerging market economies where growth decelerated sharply and, in some cases, turned negative.

In spite of continuous tightening of monetary policy and further escalation in global oil prices, most of the sectors are seeing increases in orders, credit off-take is much higher than last year (April commercial bank credit rose by 22.1% yoy compared to 17.1% last year).

Exports grew by 37.5 % [fastest growth since independence]. Imports also showed an increase of 21.2 %. Strong export growth performance over the last five months has helped bring the trade deficit down to more manageable levels.

Apprehensions with regard to widening current account deficit have also been allayed. Commerce and Industry Ministry is now confident that the export target of US$ 450 billion by 2013-14 will be met.

Despite all these positives, manufacturing growth has been falling for 4 quarters; rates have been rising rapidly and, with a more aggressive RBI, are expected to continue to rise in coming quarters. There has also been a continued fall in investment.

Latest numbers for WPI based inflation show that headline inflation in March 2011 stands at 8.98%. Annual inflation rate for 2010-11 also highlights the continuous pressure the economy faces on the prices front. Overall inflation for 2010-11 stands at 9.4 percent and is much above what the RBI considers as the 'growth promoting inflation rate' and which is about 5 percent.

The Core Sector recorded an overall growth of around 5.7 %. Growth has been powered by sectors like crude oil, steel and power. However, performance of the coal sector is a reason for worry.

Segment-wise Performance

During the financial year 2010 — 2011, the Company has achieved a Turnover of ₹ 11,772.09 Mn. as against ₹ 10,463.70 Mn. in the previous year, which shows a growth of 12.50% over the previous year.

The Turnover of Gear Division has increased to ₹ 5,246.40 Mn. from ₹ 4,259.20 Mn. in the previous year, which shows an increase of 23.17%.

The Turnover of MHE Division has increased to ₹ 6,525.69 Mn. as against ₹ 6,204.50 Mn. in the previous year, which shows an increase of 5.17%.

The Profit Before Tax has increased to ₹ 1,206.90 Mn. from ₹ 903.17 Mn. in the previous year resulting into a increase of 33.63 %.

The Profit After Tax has increased to ₹ 879.21 Mn. from ₹ 661.75 Mn., resulting into a increase of 32.86%, over the previous year.

Outlook

Investment, particularly fixed capital investment, is yet to recover to pre-crisis levels, inflation has been high and, while moderating, will not succumb in the case of food prices. Agricultural growth continues to be erratic, industry and infrastructure display volatility and waning momentum, except for some robust sectors like automobiles. The saving–investment gap is still large, leading to historically high current account deficits. Core sector growth is weak.

Despite all this, the economy is expected to grow by 9% in 2011-12, give or take one quarter of a percentage point. And the case for fiscal consolidation is strong.

The international environment is fraught. The high levels of public and private debt in the developed countries make the recovery they have made all the more tenuous. Luckily, India has diversified its trade linkages away from these economies and now has extensive commerce with developing countries and this offers some cushion against a still possible double dip in the advanced countries.

Against the backdrop of heightened uncertainty on the global economic front, spiraling global crude oil prices providing upward pressure to the persistent

inflation and high interest rates, the Indian economy will grow during FY12, gaining traction especially, during the second half of the fiscal year due to improvement in private domestic demand conditions, moderating inflation towards the end of the fiscal year and anticipation of recovery gathering pace in the global economy during the second half of the fiscal year. Moreover, robust industrial activity is also expected to drive economic growth and the IIP is likely to grow by around 9.0% during FY12. However, the investment activity is expected to improve only marginally during FY12, weighed down by the high inflation and elevated interest rates. Given that a relentless rise in inflation does have the potential to impact growth considerably, the challenge before the RBI would be to manage the policy rates in such a way that it does not disrupt the growth prospects.

New Business Strategy Development

Having been in the industry for about 6 decades in supplying Hi-tech equipment and providing turnkey solutions to all core industry sectors, Elecon – EPC is a new arm of Elecon group in its determination to deliver the best and one stop solution to the industry in areas of its specialization.

The Company's integrated EPC systems, tools and procedures and comprehensive capabilities enhances work flow efficiency and reduces interfaces with third parties. This improves performance for the clients because the Company can directly access and control the resources required for projects.

Your Company is sure of successfully delivering the projects with following added benefits:

- Alleviate interface issues and delivering at specified quality
- Integrated planning and concurrent management of activities, facilitating collaboration among various agencies to enhance team focus and commitment for timely delivery
- Optimal technical solution with most competitive price at best delivery schedule.

Your Company values its customer's business and aspire to create a world class project business to serve the global needs of the market.

Risk and Concerns

MHE Division

Over the years, the engineering industries, both light and heavy engineering, have registered an impressive growth rate and are having a strong base in production of various capital and consumer durable products. The major end-user industries for heavy engineering goods are power, infrastructure, steel, petrochemicals, mining, railways, automobiles and textiles, etc. Meanwhile, light engineering goods are essentially used as inputs by the heavy engineering industry. Capacity creation in these end-user industries is driving growth of the engineering industry. Given the vastness of the field, the engineering industry has an enormous potential of creating new jobs.

As the country moves on to higher growth trajectory thereby leading to setting up of increased number of steel, cement and power plants. The demand for material handling equipments is on the rise and will attract investor's attention in the years to come. Generally, the demand drivers for material handling equipments are: Cement Plants, Power Plants, Heavy Steel Plants, Rolling Mills, Mines, Paper Plants, Hydroelectric Power Stations, Heavy Engineering Industries, etc.

With huge opportunity starting to go under way in the key industry like steel, power & ports etc., the material handling equipment (MHE) industry stands to gain immensely from capacity addition. Elecon has strong all around capabilities, experience & diversified skills in MHE for most industry verticals like power, steel, minerals & ports. Armed with engineering prowess and strong skills coupled with diversified knowledge and ability to develop products and solution across all industry verticals, the Company is likely to be amongst the key beneficiary of the buoyancy in the MHE Industry.

The Company's revenue has an extremely high exposure to contributions from its coal-handling segment (pertaining to the power sector). At the end of FY2011, it contributed 63.3% of the total revenues. As most of the power projects are financed by the Central Government, any delay in execution can impact the performance of the Company. However, given the Company's long track record in executing power-related projects, the Company can face minimal risks on this

front. Increase in raw material cost and interest rate can also hurt margins and sales.

Gear Division

Industrial development plays a crucial role in India's development strategy. It aims at achieving various socio-economic objectives such as reducing debt burden, promoting foreign direct investment (FDI) inflow, enhancing self-reliant production and distribution as well as diversifying and modernising the existing economic set up. The industrial base has been widely expanded, covering broadly the entire range of consumer, intermediate and capital goods.

Any sharp rise in commodity prices particularly base metals could adversely Impact Company's operating margins.

The Company caters to variety of industries including power, steel, cement, sugar, ports, mining etc. The capex in each of the sector being interest rate sensitive may be deferred in the current high interest rate regime impacting Company's growth. At the same time, catering to the needs of almost all sectors of industry helps your Company to have balanced growth amidst volatile economic conditions. Therefore, slowdown in one sector can be set off by servicing the other sector.

Internal Control System

Internal Controls are continuously evaluated by the Internal Auditors and Management. Findings from internal audits are reviewed by the Management and by the Audit Committee and corrective actions and controls have been put in place wherever necessary. Scope of work of Internal Auditors covers review of controls on accounting, statutory and other compliances.

Development in Human Resources/Industrial front

It has been the tradition of the Company to maintain excellent industrial relations at all levels. This has ensured a very healthy level of enthusiasm within the employees. This has enabled the Company to maintain its growth despite competition and economic slackness.

The number of employees as on 31st March, 2011 was 1197 as against 1069 as on 31st March, 2010.

Cautionary Note

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable laws and regulations. The actual results, performances or achievements of the Company depend on many factors which may cause material deviation from any future results, performances or achievements.

Significant factors which could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

Bevel Planetary Gear Box for Vertical Roller Mill Drive for Cement & Power Industries.

ANNEXURE – A TO DIRECTORS' REPORT

a. Information pursuant to Section 217 (2A)(a)(i) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975 and forming part of this Directors' Report for the financial year ended on 31st March, 2011.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Crores)	Experience in years	Last Employment
Shri P. B. Patel	53 years	B. E. (Mech.) M.B.A. (U.S.A.)	1/7/83	Chairman and Managing Director	4.22	35	Business

b. Names of employee employed for part of the year and were in receipt of remuneration at a rate of not less than ₹ 2 Lacs p. m. in terms of Section 217 (2A) (a) (ii) of the Companies Act, 1956.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (₹ in Crores)	Experience in years	Last Employment
U. V. Phani-kumar	40 years	B.E. (Mech.), PGTQM, Advanced Masters' Program in Project Management	05/08/10	CEO (MHE & EPC)	0.65	19	Bateman Engineering India Pvt. Ltd.

Notes :

1. The appointment is contractual.

2. The gross remuneration received includes Salary, Housing Allowance, Medical Allowance, Commission, and Company's Contribution to Provident Fund, Superannuation and Gratuity Fund. Monetary value of perquisites is in accordance with provision of Income Tax Act, 1961.

3. Experience includes number of years of service elsewhere, wherever applicable.

4. Shri Prayasvin B. Patel, Chairman and Managing Director of the Company is relative of Mr. P. M. Patel, Director of the Company.

ANNEXURE – B TO DIRECTORS' REPORT

Information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

Energy conservation with more focus is continuous process through improved maintenance practices.

(a) Energy Conservation measures taken

(i) Company has installed Neptune make IGBT base Power Factor Correction Panel in 625KW motor which results in saving of power and reduce the losses in power transformer, induction motor and cables.

(ii) Company has also started using power saver unit in sheds for entire lighting load. The Company has also installed 18W led light and power efficient ballast Philips make PL street light in HT shop office and sheds.

(iii) Company has continued to replace number of high voltage consuming lighting systems into low voltage consuming FL tubes in the Company's TOB building and CEO Office to conserve energy.

(iv) Efficient Air Condition systems have been installed replacing older inefficient systems.

(v) Company has started to use Variable Frequency Drives in cranes and motors to control high variance during the start of motors.

(vi) Steps are taken to institutionalize process of identifying and understanding increase or decrease in energy use by monitoring energy consumption trends to determine future energy use when planning future changes in the business and diagnose specific areas of wasted energy.

(b) Additional investments and proposal if any, being implemented for reduction of consumption of energy

(i) Energy audit has been carried in the Company and it has found that 8-10% current harmonic generated due to non linear load of CNC Machine in LT voltage network. By reducing this harmonic, power consumption will be reduced to the extent of 3-5%. Continuous efforts are made to find out, how the consumption of energy can be reduced by the electrical department.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Implementation of above referred measures have resulted in increased facility, reliability, improved equipment performance, increased reliability in production, significant reduction in consumption of energy as well as cost of goods.

2. TECHNOLOGY ABSORPTION

(I) Research and Development

(a) Specified areas in which R & D carried out by the Company: Continuous research and development being done to update all our products. However, separate research and development cell is not formed in the organization.

(b) Benefits derived as a result of R & D: It results into reduction of waste, reduction in cost of products as well as improvement of quality of the products of the Company on continuous basis.

(c) Future plan of action: The Company is developing new design of ET Gear Box Series.

(d) Expenditure on R & D : Not applicable

(II) Technology absorption, adaptation and innovation

(a) Elecon, for the first time has developed high tonnage capacity cranes for in-house production capacity expansion. The crane has also obtained TUV Ratings approval.

(b) The Company, for the first time, is developing high speed conveyor with the consultancy support from M/s. Conveyor Dynamics Inc. USA.

(c) The Company entered into an agreement with CKIT Conveyor Engineers, Johannesburg, South Africa for Pipe Conveyor Technology, Trough Belt Conveyor Technology and Technology for idler frames. The Company has paid second and third (final) installments out of three installments towards the Technical Know how Fees.

The Company has already signed the Technical Collaboration Agreement with RENK AG, of Germany for availing technology for design and manufacture of Vertical Roller Mill Gear Boxes. During the year under review, the Company has remitted third and last installment towards the Technical Know how Fees. The Company has already started commercial production of the said Gear Boxes.

(d) Benefits derived as a result of the above efforts:

Elecon will be the first Company in India to indigenously manufacture and supply High speed idlers, giving us an edge over our competition in the market.

(e) The Company has developed Efficient Gearboxes for Hoist drive of Crane with large center distance. The Company has also developed planetary gearboxes for Roller Press drives of Cement Industries to meet today's requirements of high power

(f) Technologies imported during the last five years:

Technologies Imported	Year of import
Lift Gear Boxes	2007
Vertical Roller Mill Gear Box	2007
Pipe Conveyor, Trough	2009
Belt Conveyor and Technology for Idler Frames	

3. FOREIGN EXCHANGE DETAILS

(₹ in Lacs)

Particulars	2010-2011	2009-2010
Earnings	5,578.45	6,364.92
Outgo	7,576.96	11,624.31

Please refer Notes to the Accounts, Schedule – 17.

SECRETARIAL AUDIT REPORT

To
The Board of Directors
ELECON ENGINEERING COMPANY LIMITED

1. I have examined the registers, records and documents of Elecon Engineering Company Limited ("the Company") for the financial year ended on March 31, 2011 maintained under the provisions of:-
   - The Companies Act, 1956 and the Rules made under the Act;
   - The Depositories Act, 1996 and the Regulations and the Bye laws framed under the Act;
   - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act")
     - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 1997;
     - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
   - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made under the Act; and
   - The Equity Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
   1. Based on my examination and verification of the records for the year ended on 31st March 2011 produced before me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the companies Act, 1956 (the Act) and the rules made under the Act and Memorandum and Articles of Association of the Company, with regard to:

   (a) Maintenance of various statutory registers and documents and making necessary entries therein.

   (b) Closure of Register of Members.

   (c) Forms, returns, documents and resolutions required to be filed with the Registrar of companies.

   (d) Service of documents by the Company on its Members.

   (e) Notice of Board Meetings and Committee meetings of Directors.

   (f) The meetings of Directors and Committees of Directors.

   (g) The annual general meeting held on July 30, 2010.

   (h) Minutes of proceedings of General meeting and of Board and other meetings.

   (i) Approvals of shareholders, the Board of Directors, the committee of Directors and competent authorities, wherever required.

   (j) Constitution of the Board of Directors and appointment, retirement and re-appointment of directors.

   (k) Remuneration paid to the Directors other than Managing and Wholetime Directors.

   (l) Appointment and remuneration of Auditors.

   (m) Declaration and payment of dividends.

   (n) Borrowing and registration, modification and satisfaction of charges.

   (o) Investment of Company's fund including inter corporate loans and investments and loans to Directors and others.

   (p) Generally, all other applicable provisions of the Act and the rules made under that Act.

2. I further report that:

   (a) The Company's Directors have complied with the requirements as to Disclosure of interest and concern in contracts and arrangements, shareholding/ debenture holdings and directorships in other companies and interests in other entities.

   (b) There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company under the Act against the Company, its Directors and Officers.

   (c) The Company has obtained all necessary approvals of the Central Government and/ or other authorities under the Act.

3. I further report that the Company has complied with the provision of the Depositories Act, 1996 and Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. I further report that;

   (a) The Company has complied with the requirement under the listing Agreements entered into with Mumbai stock Exchange Limited and National Stock Exchange of India Limited.

   (b) The Company has complied with the provision of the Securities and Exchange Board of India (Substantial Acquisition of shares and takeover) Regulation, 1997 with regard to the disclosures and maintenance of records required under the Regulations.

   (c) The Company has complied with the provision of the Securities and Exchange Board of India (Insider Trading) Regulation 1992 with regard to the disclosure and maintenance of records required under the Regulations.

CS ASHWIN SHAH
COMPANY SECRETARY
C. P. No. 1640

Place : Ahmedabad
Date : 24-05-2011

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Corporate Governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the Company and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a Company.

Corporate Governance is beyond the realm of law. It stems from the culture and mindset of management, and cannot be regulated by legislation alone. Corporate Governance deals with conducting the affairs of a Company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. It is about transparency, integrity and accountability.

The detailed report on implementation by the Company, of the Corporate Governance Code as incorporated in the Clause 49 of the Listing Agreement with the Stock Exchanges is set out below:

A. MANDATORY REQUIREMENTS

(I) Company's Philosophy on the Code of Governance

In ELECON, Corporate Governance philosophy stems from our belief that Corporate Governance is a key element in improving economic efficiency and growth as well as enhancing investor confidence.

ELECON recognizes the ethics and importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including Government, employees, customers, suppliers, regulatory authorities and the shareholders. ELECON Philosophy on Corporate Governance is to bestow high standard of transparency, fairness and accountability for performance at all levels and to ensure best performance through professionalism, social responsiveness, business practices and maximization of operational efficiency.

Further, the Company ensures that its Boards are accountable to the shareholders. This, in turn, helps to assure that the Company operates for the benefit of society as a whole. While large profits can be made taking advantage of the asymmetry between stakeholders in the short run, balancing the interests of all stakeholders alone will ensure survival and growth in the long run. This includes, for instance, taking into account societal concerns about labour and the environment.

(II) Board of Directors

The Company is managed by the Board of Directors consisting highly qualified and experienced professionals from different fields, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director manages the business of the Company under the overall supervision, guidance and control of the Board.

Composition

The Company has an Executive Chairman and the number of Non-Executive Independent Directors is 50% of the total number of Directors. The Board of Directors consists of 6 Directors including one Chairman & Managing Director, Two non-independent non-executives and three independent non-executive Directors. The Board of Directors thus, has an adequate combination of executive and non-executive Directors.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49 (D)(ii) of Listing Agreement) across all the companies in which he is a Director. Necessary disclosures have been made by the Directors.

BOARD MEETINGS AND PROCEDURES

(A) Scheduling and selection of Agenda items for Board Meetings

i. The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass Resolution by circulation for all such matters, which are of utmost urgent nature.

ii. Where it is not practicable to attach any document or the agenda is of confidential nature, the same is placed on the table with the approval of the Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written materials being circulated.

iii. The agenda papers are prepared by the officials concerned and submitted to the Chairman and Managing Director for his approval. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.

iv. As per the convenience of the members of the Board, The Board meetings are usually held at the Company's registered office in Vallabh Vidyanagar, Dist. Anand or at Mumbai.

v. The members of the Board have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items discussed by the Board as and when necessary.

(B) Recording minutes of proceedings at the Board Meeting

A minute of the proceedings of each Board meeting is recorded and the same is read in the next Board Meeting. The minutes of the proceedings of the meetings are entered in the Minutes Books and the same are signed by the Chairman as prescribed in the Companies Act, 1956.

(C) Compliance

The Compliance Officer while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreements, and other statutory requirements pertaining to capital market. The Board of Directors reviews a quarterly Compliance Report confirming adherence to all applicable laws, rules, and guidelines.

BOARD MEETINGS

During the year 2010-2011, the Board Meetings were held on 10th May 2010, 30th July 2010, 27th October, 2010 and 10th February, 2011 and the gap between two Board meetings was well within the limit of four months.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorship and Committee positions, as held by them in Public Limited Companies, as on 31st March, 2011 are given below:

Name of Directors	Nature of Directorship	No. of Board Meetings held during the tenure of Directorship	No. of Board Meetings Attended	Attendance at AGM	No. of other Director-ship	No. of Committee Chairmanship/ Membership	
						Chairman-ship	Member-ship
Shri Prayasvin B. Patel (Chairman & Managing Director)	Non-Independent Executive Director	4	4	Yes	11	-	1
Shri Pradip M. Patel	Non-Independent Non-Executive Director	4	4	Yes	4	-	3
Shri Prashant C. Amin	Non-Independent Non-Executive Director	4	4	Yes	9	1	2
Shri Chirayu R. Amin	Independent Non-Executive Director	4	3	Yes	11	1	-
Shri Hasmukhlal S. Parikh	Independent Non-Executive Director	4	4	Yes	3	1	4
Dr. Amritlal C. Shah	Independent Non-Executive Director	4	3	No	7	2	8

The Company did not have any material pecuniary relationship or transactions with the Independent Non-Executive Directors during the year 2010-2011.

Disclosure regarding Directors retiring by rotation and being re-appointed:

Shri Pradip M. Patel and Shri Chirayu R. Amin, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Shri Pradip M. Patel is related to Shri Prayasvin B. Patel, Chairman & Managing Director of the Company.

(III) Audit Committee

The terms of reference of the Audit Committee is in accordance with the Section 292A of the Companies Act, 1956 and Clause 49 II C, D and E of the Listing Agreement.

Audit Committee comprises of experts specializing in accounting/financial management. The Chairman of the Audit Committee is a Non - Executive and Independent Director. The Composition of the Audit Committee as on 31st March, 2011 is as follows:

Name	Designation	Category
Shri Hasmukhlal S. Parikh	Chairman	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-independent & Non-Executive Director
Dr. Amritlal C. Shah	Member	Independent & Non-Executive Director
Shri Chirayu R. Amin *	Member	Independent & Non-Executive Director

*Appointed as member of the Audit Committee w.e.f. 30-07-2010.

The Audit Committee met four times on the following dates during the last financial year:

10-05-2010	30-07-2010	27-10-2010	10-02-2011

Attendance at Audit Committee Meeting:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Shri Hasmukhlal S. Parikh	4	4
Shri Pradip M. Patel	4	4
Dr. Amritlal C. Shah	4	3
Shri Chirayu R. Amin*	4	3

*Appointed as member of the Audit Committee w.e.f. 30-07-2010.

The Vice President (Commercial) & CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meeting and attended & participated at the meetings of the Committee. Company Secretary was present at all the above meetings.

The Chairman of the committee was present at the Annual General Meeting held on 30th July, 2010.

(IV) Shareholders'/Investors' Grievance Committee

Terms of Reference: To look into the Investors' complaints, if any, and to redress the same expeditiously. Besides that the Committee also considers and approves the transactions as may be referred to it by the Share Transfer Committee/ Committee of Directors.

The Shareholders'/Investors' Grievance Committee comprises of the following Directors:

Name	Designation	Category
Dr. Amritlal C. Shah	Chairman	Independent & Non-Executive Director
Shri Hasmukhlal S. Parikh	Member	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-independent & Non-Executive Director

Shri Paresh Shukla, Company Secretary is the Compliance Officer and Secretary of the Committee. One Meeting was held, during the financial year on 10th May, 2010.

Attendance at Shareholders' / Investors' Grievance Committee Meeting:

Name of Directors	No. of Meetings Held	No. of Meetings Attended
Dr. Amritlal C. Shah	1	1
Shri Pradip M. Patel	1	1
Shri Hasmukhlal S. Parikh	1	1

Report on Communication received from the Investors during the year 2010-2011.

Nature of Queries (Correspondence)	Total Received	Total Replied	Pending	Remark
Inquiry pertaining to non- receipt of shares sent for transfer	8	8	-	-
Inquiry on Dematerialization of Shares	2	2	-	-
Name Correction/deletion	23	23	-	-
Address correction	112	112	-	-
Letter Received from SEBI/ other Statutory Bodies	3	3	-	-
Loss of Shares & issue of duplicate Shares	56	56	-	-
Split/Consolidation of Shares	1	1	-	-
Transmission of shares	18	18	-	-
Demat	-	-	-	-

(V) Remuneration Committee

Remuneration Committee has been constituted to recommend the remuneration package of the Managing Director based on the performance and defined criteria.

Remuneration Committee of the Company as on 31st March 2011 consists of the following Directors:

Name	Designation	Category
Shri Hasmukhlal S. Parikh	Chairman	Independent & Non-Executive Director
Dr. Amritlal C. Shah	Member	Independent & Non-Executive Director
Shri Pradip M. Patel	Member	Non-Independent & Non-Executive Director
Shri Chirayu R. Amin*	Member	Independent & Non-Executive Director

*Appointed as member of the Remuneration Committee w.e.f. 10-02-2011.

Shri Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee. No Remuneration Committee Meeting was held during the financial year 2010-11.

(VI) Remuneration of Directors

a. Non-Executive Directors

The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees. The Company pays the sitting fees to all the non-executive Directors at the rate of ₹ 15,000/- for each meeting. The Company has revised sitting fees from ₹ 15,000/- to ₹ 20,000/- w.e.f. 27/10/2010. The sitting fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2010-2011 is as follows:

Directors	Sitting fees Amount in ₹
Shri Pradip M. Patel	1,45,000
Shri Prashant C. Amin	1,90,000
Shri Chirayu R. Amin	1,00,000
Shri Hasmukhlal S. Parikh	1,45,000
Dr. Amritlal C. Shah	1,15,000

Note: The above Sitting Fees excludes re-imbursement of the expenses incurred by Directors to attend the Meetings.

b. Executive Directors

The Company pays remuneration by way of salary, perquisites, allowances and Commission to the Managing Director.

The salary paid during the year to the Managing Director is within the ceiling prescribed by Section 198, 309 and the Provisions of Schedule XIII of the Companies Act, 1956.

The remuneration paid to the Managing Director for the year 2010-2011 is as follow:

(₹ in Lacs)

	Salary	Perquisites	Commission	Total
Shri Prayasvin B. Patel	221.83	--	200.00	421.83*

* Includes the Company's contribution to Provident Fund, Superannuation Fund to the extent not taxable and Gratuity and encashment of leave at the end of tenure, as per the rules of the Company.

(VII) Management Committee

In addition to the above Committees, the Board has constituted a Management Committee comprising of the following Directors as on 31-03-2011 :

Shri Prayasvin B. Patel	Chairman
Shri Prashant C. Amin	Member
Shri Chirayu R. Amin	Member

The Management Committee met on the following dates during the last financial year:

15-06-2010	23-09-2010	04-01-2011	16-03-2011
30-08-2010	22-11-2010	24-02-2011	-

Attendance at the Management Committee meetings during the year were as follow :

Name of Member	No. of Meetings Held	No. of Meetings Attended
Shri Prayasvin B. Patel	7	7
Shri Prashant C. Amin	7	7
Shri Chirayu R. Amin	7	Nill

(VIII) Details of General Meetings

Location, date and time of Annual General Meetings held during last 3 years:

Year	Location	AGM/ EGM	Date	Day	Time	No. of Special Resolution Passed
2007 - 08	"Elecon" Hall, Vitthal Udyognagar, Industries Association, Nr. GIDC Office, GIDC, Vitthal Udyognagar, Vallabh Vidyanagar – 388 120	AGM	29-7-2008	Tuesday	11.00 a. m.	Nil
2008 - 09	Elecon Engineering Co. Ltd. Audio Visual Hall Gear Division Anand Sojitra Road Vallabh Vidyanagar – 388 120	AGM	30-7-2009	Thursday	11.45 a.m.	Nil
2009-10	Elecon Engineering Co. Ltd. Audio Visual Hall, Gear Division, Anand Sojitra Road, Vallabh Vidyanagar - 388 120.	AGM	30-7-2010	Friday	11.45 a.m.	Nil

During the year ended 31st March, 2011, no resolution has been passed by the members through Postal Ballot.

Dividend History

Year	Rate (%)	Per Share (₹)	Amount (in ₹)
2004-2005	25%	2.50	1,41,18,525
2005-2006	50%	5.00	3,06,52,000
2006-2007	75%	1.50	4,63,85,475
2007-2008	75%	1.50	13,92,92,265
2008-2009	75%	1.50	13,92,92,265
2009-2010	75%	1.50	13,92,92,265

Stock Options

The Company has not issued any Stock options to its Directors/Employees.

Equity Shares held by Directors (as on 31-3-2011)

Name of Directors	No. of Shares held
Shri Prayasvin B. Patel	5,09,320
Shri Pradip M. Patel	62,412
Shri Prashant C. Amin	19,300
Shri Chirayu R. Amin	-
Shri Hasmukhlal S. Parikh	11,250
Dr. Amritlal C. Shah	1,000

(IX) **Disclosures on Materially significant related party transactions.**

Full disclosure of related party transactions as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India are given under Note No. 16 of Notes on Annual Accounts.

(X) **Details of Non-compliance by the Company and penalties, strictures imposed on the Company by the Stock Exchange, SEBI or any Statutory Authorities on any matter related to capital market during the last three years.**

The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to Capital Market during the last three years.

All Returns/Reports were filed within stipulated time with Stock Exchanges/other authorities.

No penalties or strictures were imposed by SEBI, Stock Exchanges or any Statutory Authorities for any matter relating to Capital Market during the last three years.

(XI) **Code of Conduct**

i) For prevention of Insider Trading

The Company has a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. The Company Secretary has been appointed as a Compliance Officer and is responsible for adherence to "Code for Prevention of Insider Trading".

ii) For Board of Directors and Senior Management

The Board of Directors of the Company has laid down a "Code of Conduct" for all Board Members and members of senior management of the Company. The code of conduct is posted on the website of the Company, www.elecon.com. The Board members and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2011.

(XII) **CEO / CFO Certificate**

The Managing Director and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

(XIII) **Disclosures on 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.

Means of communication

a) **Quarterly, Half-yearly and Annual Results :**

The Board of Directors of the Company approves and takes on record quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within one month of close of the reporting period. In compliance with Clause 41 of the Listing Agreement, the Company sends the quarterly / half-yearly / audited results to the Stock Exchanges within 15 minutes of the end of the Board Meetings at which they are taken on record. These financial statements are normally published in prominent daily newspapers viz. The Economic Times, Financial Express, The Business Standard, The Hindu Business Line, Naya Padkar having wide circulation across the country and also displayed on the website of the Company on www.elecon.com.

b) The Company also informs by way of intimation to the Stock Exchanges all price sensitive matters or such other matters which in its opinion are material and of relevance to the shareholders.

c) The Company's financial results and official news releases and the presentation made to the investors, financial analyst are displayed on the Company's website www.elecon.com.

d) Management Discussion and Analysis Report is attached with the Directors Report in this Annual Report.

Compliance Officer

Mr. Paresh M. Shukla
Company Secretary
Elecon Engineering Company Limited
Anand-Sojitra Road, Vallabh Vidyanagar – 388 120
Tal. & Dist. Anand, Gujarat.
Phone No. : +91 2692 227109, 230166
Email : pmshukla@mhe.elecon.com

(XIV) GENERAL SHAREHOLDERS INFORMATION

a) Annual General Meeting

Date and Time	:	29th August, 2011 at 11.00 A.M.
Venue	:	Audio Visual Hall, Nr. Gear Division, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120, Gujarat.
b) Financial Calendar	:	April 01 to March 31
c) Date of Book Closure	:	Monday, 1st August, 2011 to Friday, 5th August, 2011. (both days inclusive)
d) Dividend Payment date	:	On or after 2nd September, 2011
e) Listing on Stock Exchange	:	The Company's securities are listed at the Bombay Stock Exchange Limited, Mumbai The National Stock Exchange of India Limited, Mumbai The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2011-2012.
f) Stock code	:	The Bombay Stock Exchange Limited, Mumbai (Physical Segment) : BSE 5700 The Bombay Stock Exchange Limited, Mumbai (Demat Segment) : BSE 505700 The National Stock Exchange of India Limited (Demat Segment) : ELECON

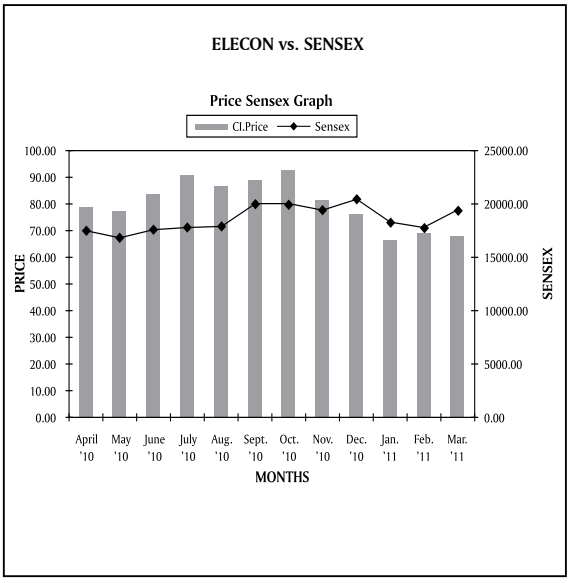
Demat ISIN in NSDL and CDSL for Equity Shares : INE 205B01023

g) Stock Market Price Data :

Monthly share price movement during the year 2010-11 at BSE & NSE

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2010	84.90	72.70	4614573	84.90	72.80	6438034
May – 2010	83.50	73.00	3527250	83.45	73.50	5188870
June– 2010	91.60	76.00	4813909	91.65	75.15	8303628
July – 2010	96.10	83.25	5836566	95.95	82.40	8824604
August – 2010	97.70	86.00	3468140	97.80	86.00	5285257
September – 2010	97.25	87.10	2310560	97.00	86.55	3798298
October – 2010	103.70	89.00	7010149	103.75	88.15	10162154
November – 2010	98.75	75.00	1766903	98.40	75.50	3049943
December – 2010	85.70	73.55	1321555	86.20	73.60	1889425
January – 2011	78.60	64.80	967306	78.65	64.50	1553916
February–2011	76.80	59.30	1321108	81.50	59.05	1938467
March-2011	71.00	62.75	897303	70.60	64.25	1426660

Performance in comparison to broad-based indices such as BSE Sensex



h) Share Registrar & Transfer Agent :

The Company has appointed following Registrar & Transfer Agent for Physical Transfer & Demat of the Shares:

M/s. Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank
Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.
Email : vadodara@linkintime.co.in
Phone : 0265-2356573, 2356794
Fax. : 0265-2356791

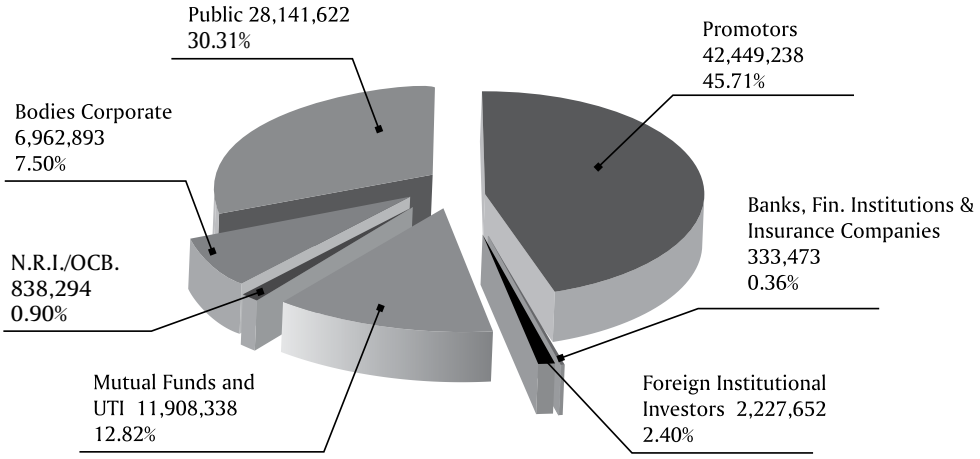
i) Share Transfer System :

The Company's Shares are in compulsory Demat List and are transferable through the Depository system. Depository transfers as well as physical transfers are handled by Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Limited) having their registered office at C-13, Pannalal Silk Mill's Compound, LBS Marg, Bhandup (West), Mumbai – 400 078.

j) Share holding pattern as on 31-03-2011

Category	No. of Shares held	(%) of total
Promoters	42449238	45.71
Banks, Financial Institutions and Insurance Companies	333473	0.36
Foreign Institutional Investors	2227652	2.40
Mutual Funds and UTI	11908338	12.82
N.R. I. / O.C. B.	838294	0.90
Bodies Corporate	6962893	7.50
Public	28141622	30.30
TOTAL	**9,28,61,510**	**100.00**

Shareholding Pattern



k) **Distribution of Shareholding as on 31-03-2011**

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	46949	84.59	7524020	8.10
501 - 1000	4304	7.75	3471300	3.74
1001 - 2000	2119	3.82	3152457	3.39
2001 - 3000	738	1.33	1894716	2.04
3001 - 4000	321	0.58	1146374	1.23
4001 - 5000	251	0.45	1167150	1.26
5001 - 10000	447	0.81	3200197	3.45
Above 10001	374	0.67	71305296	76.79
TOTAL	**55503**	**100.00**	**92861510**	**100.00**

l) **Dematerialization of Shares and Liquidity**

As on 31st March 2011, 8,83,87,775 Shares were in dematerialized form representing 95.18% of total shares. The Company's shares are traded on the Bombay Stock Exchange Limited, and The National Stock Exchange of India Limited, Mumbai.

m) **Outstanding GDRs/ADRs/Warrants or any other convertible Instruments, conversion date and likely impact on equity as on 31st March, 2011:**

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2011.

n) **Unclaimed Dividend**

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956 the Company is required to transfer the unpaid dividend remained unclaimed and unpaid for a period of seven years from the due dates to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Here below are the proposed dates for transfer of the unpaid dividend to IEPF by the Company.

Financial Year	Date of declaration	Proposed date for transfer to IEPF*
2003-2004	03-09-2004	02-10-2011
2004-2005	15-09-2005	14-10-2012
2005-2006	12-09-2006	11-10-2013
2006-2007	13-09-2007	12-10-2014

* Indicative dates, actual date may vary.

o) **Plant Locations** : **Works**

1. Material Handling Equipment Division (MHE-Div.)
   Anand –Sojitra Road,
   Vallabh Vidyanagar – 388 120. Gujarat.
2. Gear Division
   Anand –Sojitra Road,
   Vallabh Vidyanagar – 388 120. Gujarat.
3. Alternate Energy Division
   Anand –Sojitra Road,
   Vallabh Vidyanagar – 388 120. Gujarat.

Address of Regd. Office : Anand –Sojitra Road,
Vallabh Vidyanagar – 388 120. Gujarat

Internet Website : www.elecon.com

Address for Correspondence :

The Shareholders may address their communications/suggestions/grievances/queries to :

Mr. Paresh Shukla
Company Secretary and Compliance Officer
Elecon Engineering Company Limited
Post Box No.6, Anand-Sojitra Road,
Vallabh Vidyanagar - 388 120
Tal. & Dist. Anand (Gujarat)
Tel No. (02692) 227109, 230166
Fax No. (02692) 236457, 236527

Email address : pmshukla@mhe.elecon.com

B. NON-MANDATORY REQUIREMENTS

A) CHAIRMAN OF THE BOARD

The Company has an Executive Chairman and hence, the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise.

B) REMUNERATION COMMITTEE

A remuneration committee comprising all non-executive directors is functioning since 2001, the details of which are mentioned elsewhere in this Annual Report.

C) SHAREHOLDER RIGHTS TO RECEIVE FINANCIAL RESULTS

The financial results of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website. www.elecon.com.

D) POSTAL BALLOT

The provisions relating to Postal Ballot will be complied with in respect of matters where applicable.

E) AUDIT QUALIFICATIONS

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

F) TRAINING OF BOARD MEMBERS

All the Non-Executive Directors have adequate experience and expertise in functional areas and attend various programmers in their personal capacities that keep them abreast of relevant developments.

G) OFFICE SPACE FOR NON EXECUTIVE CHAIRMAN

The Company has an Executive Chairman and therefore the issue of providing office to non Executive Chairman does not arise.

The Company has no specific tenure specified for Independent Directors.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH MANDATORY REQUIREMENTS OF CORPORATE GOVERNANCE TO THE MEMBERS OF ELECON ENGINEERING COMPANY LIMITED

To,

The Members

Elecon Engineering Company Limited

We have examined the compliance of the conditions of Corporate Governance by Elecon Engineering Company Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, the Company has complied with the conditions of the Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investor grievance received during the year ended on 31st March, 2011, no investor grievances are pending against the Company as per records maintained by the Company and presented to the Investors'/Shareholders' Grievance Committee of the Company.

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

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. DESAI
Partner
M. No. : 030911
Firm Regn. No. 110864W

Place : Navsari
Date : 28-5-2011

DECLARATION

To,

The Members

Elecon Engineering Company Limited

I, Prayasvin B. Patel, Chairman and Managing Director and Chief Executive Officer of the Company, do hereby declare that the Directors and Senior Officers of the Company have exercised their authorities and powers and discharged their duties and functions in accordance with the requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

For Elecon Engineering Company Limited

Prayasvin Patel

Chairman and Managing Director
and Chief Executive Officer

Place : Vallabh Vidyanagar
Date : 24-5-2011

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page 107 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Baroda. **Postage for sending the form will be borne by the Company.**

AUDITORS' REPORT

To,

The Shareholders of

ELECON ENGINEERING COMPANY LIMITED
Vallabh Vidyanagar

1. We have audited the attached Balance Sheet of **ELECON ENGINEERING COMPANY LIMITED** as at March 31st, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company 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 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 the 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 amended Companies (Auditors' 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 annex hereto 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 in paragraph (3) above, we report that :

   (a) 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;

   (b) In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;

   (e) Based on representations made by all the Directors of the Company as on 31st March, 2011 and taken on record by the Board of Directors of the Company and according to the information and explanations made available to us by the Company, none of the Directors of the Company has any disqualification as referred to in Clause (g) of Sub-Section (1) to Section 274 of the Companies Act, 1956; and

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, 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;

      (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

      (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **THACKER BUTALA DESAI**
Chartered Accountants

M. T. DESAI
Partner
Membership No. : 030911
Firm Regn. No. 110864W

Place : Navsari
Date : 28-05-2011

ANNEXURE TO THE AUDITORS' REPORT

(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 its fixed assets.

(b) Certain items of Plant and Machineries were physically verified by the management during the year in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) The Company has not disposed off a substantial part of the fixed assets during the year under review. Therefore, going concern status of the Company has not been affected.

(ii) (a) As explained to us, inventories were physically verified by the management during the year.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification have been properly dealt with in the books of account of the Company.

(iii) (a) According to the information & explanations given to us, the Company has not granted any secured or unsecured loan to any party listed in the register maintained under Section 301 of the Companies Act, 1956.

(b) In view of clause (iii) (a) above, this clause regarding interest and other terms and conditions is not applicable.

(c) In view of clause (iii) (a) above, this clause regarding repayment of loan and interest thereon is not applicable.

(d) In view of (iii) (a) above, this clause regarding overdue amounts of such loans and interest thereon is not applicable.

(e) According to the information & explanations given to us, the Company has not taken any loan from any party listed in the register maintained under Section 301 of the Companies Act, 1956.

(f) In view of clause (iii) (e) above, this clause regarding interest and other terms and conditions is not applicable.

(g) In view of clause (iii) (e) above, this clause regarding repayment of loan and interest thereon is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is adequate Internal Control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

(v) (a) According to the information and explanations given to us, contracts or arrangements with the parties listed in the register maintained under Section 301 of the Companies Act, 1956 have been entered in the register upon ratification of the same by the Board of Directors of the Company.

(b) We are informed that in case of the transactions with the parties listed in the register maintained under Section 301 of the Companies Act, 1956 no comparison of prices could be made as there was either no alternate source of supply or that the management preferred the suppliers' products and services on quality grounds or peculiarity of the products sold or services rendered.

(vi) According to the information and explanations given to us, applicable provisions of the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder have been complied with in respect of the deposits accepted by the Company during the year under review.

(vii) The Company has appointed a firm of Chartered Accountants to carry out Internal Audit work. The said Internal Audit system operating in the Company commensurate with the size of the Company and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the products of the Company.

(ix) (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues have been regularly deposited during the period with appropriate authorities. There was no outstanding statutory dues as at the end of the year outstanding for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, the Company has **not paid** the following statutory dues on account of the demand being disputed by the Company.

Sr. No.	Nature of liability	Amt. (₹ in Lacs)	Pending Before
1.	Excise Duty, Penalties & Interest thereon	146.49	C.E.S.T.A.T.
2.	Excise Duty, Penalties & Interest thereon	122.89	Central Excise Commissioner (Appeal)
3.	Sales Tax, Purchase Tax, Works Contract Tax and Interest & Penalty thereon	347.55	Orissa State Sales Tax Appellate Tribunal

(x) According to the records of the Company, it has no accumulated losses. The Company has not incurred cash losses during the financial year under review or during the immediately preceding financial year.

(xi) According to our audit procedure and on the basis of information and explanations given by the management, the Company has not defaulted in repayment of dues to any Financial Institution or Bank. The Company has not issued any Debentures.

(xii) According to our audit procedure and on the basis of information & explanations given to us, the Company has not granted any loan on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the question of adequacy or otherwise of maintenance of documents and records in respect thereof does not arise.

(xiii) According to our audit procedure and on the basis of information & explanations given to us, the Company has not indulged in any chit fund activity during the year under review. Therefore, the question of compliance with provisions of any special statute applicable to chit fund does not arise.

(xiv) According to our audit procedure and on the basis of information & explanations given to us, the Company has not indulged in dealing or trading in shares, securities, debentures and other investments. In respect of long term investments made by the Company, according to the information and explanations given to us, all the investments have been held in the name of the Company only.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loans taken by others from Banks or Financial Institutions are prima-facie not prejudicial to the interest of the Company.

(xvi) In our opinion and according to the information & explanations given to us, the term loans obtained during the year under review have been applied for the purpose for which they were raised.

(xvii) In our opinion and according to the information & explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to our audit procedure and on the basis of information & explanations given to us, during the year under review, the Company has not made any preferential allotment of shares to the parties or Companies listed in the register maintained under Section 301 of the Companies Act,1956. Therefore, the question of impact of the prices recovered in respect of such shares on the interest of the Company does not arise.

(xix) According to our audit procedure and on the basis of information & explanations given to us, during the year under review, the Company has not issued any secured or unsecured debentures. Therefore, the question of creation of securities or charge in respect thereof does not arise.

(xx) According to our audit procedure and on the basis of information & explanations given to us, during the year under review, the Company has not raised any money by way of public issue of shares. Therefore, the question of disclosure and verification of end use of money so raised does not arise.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statement and as per information and explanations given by the management, no material frauds on or by the Company were noticed or reported during the year under review.

For **THACKER BUTALA DESAI**
Chartered Accountants

M. T. DESAI
Partner
Membership No. : 030911
Firm Regn. No. 110864W

Place : Navsari
Date : 28-05-2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

		Schedule	As at 31-03-2011	As at 31-03-2010
I.	SOURCES OF FUNDS			
A)	SHAREHOLDERS FUNDS:			
	Share Capital	1	1,857.23	1,857.23
	Reserves and Surplus	2	37,602.86	30,753.41
			39,460.09	32,610.64
B)	LOAN FUNDS			
	Secured	3	31,345.10	33,287.70
	Unsecured	4	21,688.98	18,869.89
			53,034.08	52,157.59
C)	Deferred Tax Liability (Net)		4,106.45	4,025.85
	TOTAL		96,600.62	88,794.08
II.	APPLICATION OF FUNDS			
A)	Fixed Assets	5		
	Gross Block		57,047.13	52,729.55
	Less : Depriciation		20,202.09	16,507.57
	Net Block		36,845.04	36,221.98
B)	Investments	6	3,634.55	567.57
C)	Current Assets, Loans and Advances	7	106,099.65	92,625.70
	Less : Current Liabilities and Provisions	8	50,323.09	40,881.65
	Net Current Assets		55,776.56	51,744.05
	Misc. Expenditure (To the extent not written off)	9	344.47	260.48
	TOTAL		96,600.62	88,794.08

Significant Accounting Policies and notes to Accounts 17

The accompanying schedules 1 to 17 form an integral part of these accounts

As per our report of even date attached
For and on behalf of

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Schedule	Year Ended 31-03-2011	Year Ended 31-03-2010
INCOME			
Sales	10	119,435.04	103,497.02
Less: Excise Duty		(8,542.67)	(6,298.54)
Net Sales		110,892.37	97,198.48
Erection and other Charges		6,828.49	7,438.57
Other Income	11	2,843.06	2,477.18
		120,563.92	107,114.23
EXPENDITURE			
Consumption of Materials, Sub-Contracts, Erection and other charges	12	79,338.11	69,376.92
Power and Fuel		934.51	782.20
Employees' Remuneration and Benefits	13	5,639.46	4,351.85
Administrative, Selling & General Expenses	14	14,608.53	11,704.12
Interest	15	4,582.58	5,088.90
Depreciation		3,842.67	3,312.03
		108,945.86	94,616.02
(Increase)/Decrease in Stock	16	(450.93)	3,466.51
		108,494.93	98,082.53
PROFIT BEFORE TAXATION AND EXTRA ORDINARY ITEMS		12,068.99	9,031.70
Extra Ordinary Items		-	-
PROFIT BEFORE TAXATION		12,068.99	9,031.70
Provision. for Taxation (including Wealth tax)		3,196.27	1,666.35
Deferred Tax		80.60	747.82
PROFIT AFTER TAXATION		8,792.12	6,617.53
Adjustment of previous year		-	77.38
Balance brought forward from last year		2,079.39	2,008.75
PROFIT AVAILABLE FOR APPROPRIATION		10,871.51	8,703.66
APPROPRIATION			
Proposed Dividend		1,671.51	1,392.92
Tax on Proposed Dividend		271.16	231.35
Transfer to General Reserve		6,500.00	5,000.00
Balance Carried Forward		2,428.84	2,079.39
Earning Per Share (₹)			
- Before Extra Ordinary Items			
(i) Basic		9.47	7.13
(ii) Diluted		9.47	7.13
- After Extra Ordinary Items			
(i) Basic		9.47	7.13
(ii) Diluted		9.47	7.13
Face Value Per Share (₹)		2.00	2.00
Significant Accounting Policies and notes to Accounts	17		

The accompanying schedules 1 to 17 form an integral part of these accounts

As per our report of even date attached
For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Lacs)

Particulars	As on 31-03-2011		As on 31-03-2010	
	Amount	Amount	Amount	Amount
[A] CASH FLOW FROM OPERATING ACTIVITIES				
1. Net Profit before Tax		12,068.99		9,031.70
2. Adjustments for:				
(i) Depreciation	3,842.67		3,312.03	
(ii) Interest Expenses	4,582.58		5,088.90	
(iii) Profit on Sale of Investments	(2,069.60)		(1,595.81)	
(iv) Profit on Sale of Assets	(21.64)		(20.92)	
(v) Interest Income	(275.57)		(188.29)	
(vi) Dividend Income	(40.45)		(87.34)	
(vii) Gratuity	(58.37)		(106.00)	
(viii) Misc. Expenditure written off	92.58		66.15	
(ix) Prior Year Adjustments	-		77.38	
		6,052.20		6,546.10
Operating Profit Before Working Capital Changes (1 + 2)		18,121.19		15,577.80
3. Adjustments for Working Capital changes:				
[i] Trade & Other Receivables				
- Trade Receivables	(15,436.49)		(4,584.98)	
- Loans and Advances	(1,688.62)		2,158.21	
[ii] Trade & Other Payables				
- Trade Payables	6,177.75		1,301.67	
- Advances	3,316.11		(4,039.58)	
[iii] Inventories	73.80		8,556.21	
		(7,557.45)		3,391.53
CASH GENERATED FROM OPERATIONS		10,563.74		18,969.33
4. Less: Direct Taxes Paid	(2,195.03)		(1,800.22)	
		(2,195.03)		(1,800.22)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS		8,368.71		17,169.11
5. Misc. Expenditure				
Misc. Expenditure Incurred	(176.57)		(157.74)	
		(176.57)		(157.74)
NET CASH FROM OPERATING ACTIVITIES [A]		8,192.14		17,011.37

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Particulars	As on 31-03-2011		As on 31-03-2010	
		Amount	Amount	Amount	Amount
[B]	CASH FLOW FROM INVESTING ACTIVITIES				
1.	Purchase of Fixed Assets	(4,729.81)		(8,492.87)	
2.	Sale of Fixed Assets	285.70		81.72	
3.	Effects of Exchange Rate change	0.00		0.00	
4.	Purchase of Investments	(3,122.33)		0.00	
5.	Sale of Investments	2,124.95		2,115.03	
6.	Return of Share Application Money	0.00		0.00	
7.	Interest Received	275.57		188.29	
8.	Dividend Received	40.45		87.33	
	NET CASH FROM INVESTING ACTIVITIES [B]		(5,125.47)		(6,020.50)
[C]	CASH FLOW FROM FINANCING ACTIVITIES				
1.	Issue of Equity Capital (Including Share Premium)	-		-	
2.	Proceeds from Long Term borrowings	7,131.91		819.12	
3.	Repayments against Long Term Borrowings	(6,297.26)		(7,518.74)	
4.	Proceeds from Other Borrowings	3,768.12		14,434.90	
5.	Repayments against Other Borrowings	(3,724.51)		(14,785.89)	
6.	Interest Paid	(4,916.50)		(4,551.23)	
7.	Dividends Paid (incl. tax thereon)	(1,604.54)		(1,613.65)	
	NET CASH FROM FINANCING ACTIVITIES [C]		(5,642.78)		(13,215.49)
[D]	NET INCR./(DECR.) IN CASH & CASH EQUIVALENTS [A+B+C]		(2,576.11)		(2,224.62)
[E]	CASH & CASH EQUIVALENTS AS ON 01-04-2010/ 01-04-2009		3,881.25		6,105.87
[F]	CASH & CASH EQUIVALENTS AS ON 31-03-2011 / 31-03-2010		1,305.14		3,881.25

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE - 1		
SHARE CAPITAL		
(A) Authorised Share Capital		
(i) 22,50,00,000 (Previous Year 22,50,00,000) (Equity Shares of ₹ 2/- each)	4,500.00	4,500.00
(ii) 2,50,00,000 (Previous Year 2,50,00,000) Cumulative Redeemable Preference Shares of ₹ 2/- each	500.00	500.00
	5,000.00	5,000.00
(B) Issued, Subscribed and Paid-up Capital : 9,28,61,510 Equity Shares of ₹ 2/- each (Previous Year 9,28,61,510 Equity Shares of ₹ 2/- each)	1,857.23	1,857.23
Notes : Of the above		
(i) 3,42,100 Equity Shares of ₹ 2/- each in above (originally alloted 68,420 Equity Shares of ₹ 10/- each) were issued as fully paid-up, pursuant to a contract without payment being received in cash)		
(ii) 1,73,38,890 Equity Shares of ₹ 2/- each in above (originally alloted 34,67,778 Equity Shares of ₹ 10/- each) were issued as Bonus Shares by way of capitalisation of Share Premium and Reserves)		
(iii) 54,98,160 Equity Shares of ₹ 2/- each in above (originally alloted 10,99,632 Equity Shares of ₹ 10/- each) were issued as fully paid-up Equity Shares on conversion of Debentures		
(iv) 27,16,787 Equity Shares of ₹ 2/- each were alloted as fully paid-up Shares on conversion of FCCB of Series 'A' 9,000 nos. of $ 1,000 each.		
(v) 6,19,07,673 Equity Shares of ₹ 2/- each in above were issued as Bonus Shares by way of capitalisation of Share Premium and Reserves	1,857.23	1,857.23

(₹ in Lacs)

SCHEDULE - 2 RESERVES AND SURPLUS	As at 31-03-2011	As at 31-03-2010
(A) Share Premium Account		
As per Last Balance Sheet	2,878.14	2,878.14
	2,878.14	2,878.14
(B) General Reserve		
As per Last Balance Sheet	25,795.88	20,795.88
Add : Transferred during the year from P&L account	6,500.00	5,000.00
	32,295.88	25,795.88
(C) Profit and Loss Account	2,428.84	2,079.39
	37,602.86	30,753.41

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE - 3		
SECURED LOANS		
(See Note 2 of Schedule-17)		
A. Loans and Advances from		
(a) Working Capital Loans		
From Banks	15,839.69	18,870.32
(b) Long Term Loans		
i) Term Loans (Repayable within a year ₹ 5,013.69 Lacs Previous year ₹ 5,558.05 Lacs)	10,090.89	14,270.17
ii) Corporate Loans (Repayable within a year ₹ 1,833.33 Lacs Previous year ₹ Nil)	5,160.00	-
B. (a) HP from Other Banks (Repayable within a year ₹ 130.59 Lacs Previous Year ₹ 85.38 Lacs)	254.52	147.21
	31,345.10	33,287.70

SCHEDULE - 4		
UNSECURED LOANS		
A. Short Term Loan :		
a. from Banks (Incl. Commercial Papers)	21,562.29	18,488.07
b. from others	-	-
B. Loans and Advances from Others :-	126.69	380.06
C. Interest accrued and due on above	-	1.76
	21,688.98	18,869.89

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 5 : FIXED ASSETS

(₹ in Lacs)

SR. NO.	NATURE OF ASSETS	COST AS AT 01-04-2010	ADDITIONS AND TRANSFERS DURING THE YEAR AT COST	DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. DURING THE YEAR AT COST	**COST AS AT 31-03-2011**	DEPRECIATION UP TO 01-04-2010	ACCUMULATED DEPRECIATION OR DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. MADE DURING THE YEAR	DEPRECIATION FOR THE YEAR ENDED 31-03-2011	**ACCUMU-LATED DEPRECIATION UP TO 31-03-2011**	**NET BLOCK AS AT 31-03-2011**	NET BLOCK AS AT 31-03-2010
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1	Land (Freehold)	2,110.24	-	-	2,110.24	-	-	-	-	2,110.24	2,110.24
2	Buildings	4,521.33	427.46	-	4,948.79	1,154.66	-	315.21	1,469.87	3,478.92	3,366.67
3	Plant and Machinery	39,892.58	2,901.45	328.05	42,465.98	12,247.76	94.67	2,851.73	15,004.82	27,461.16	27,644.80
4	Elecrical Instalations	204.19	348.91	-	553.10	140.74	-	44.05	184.79	368.31	63.45
5	Electrical Fittings	63.18	-	-	63.18	53.33	-	2.63	55.96	7.22	9.87
6	Office Equipments	2,677.90	689.07	52.91	3,314.06	2,098.85	37.09	358.67	2,420.43	893.63	579.04
7	Air Conditioning Plant	285.94	3.29	4.08	285.15	165.47	1.31	16.66	180.82	104.33	120.48
8	Sundry Equipments	314.70	1.10	0.48	315.32	130.96	0.16	25.50	156.30	159.02	183.74
9	Furniture and Fixtures	411.74	23.08	9.12	425.70	306.64	3.65	19.01	322.00	103.70	105.09
10	Vehicles	447.56	1,045.94	17.58	1,475.92	196.54	11.28	209.21	394.47	1,081.45	251.05
11	Site Office Equipments	12.64	-	-	12.64	12.63	-	-	12.63	0.01	0.01
	TOTAL	**50,942.00**	**5,440.30**	**412.22**	**55,970.08**	**16,507.58**	**148.16**	**3,842.67**	**20,202.09**	**35,767.99**	**34,434.44**
	Previous Year	42,774.05	9,516.69	1,348.73	50,942.01	14,483.48	1,287.93	3,312.03	16,507.57	34,434.44	28,290.57
	Stock of Construction Materials, Buildings under Construction, Capital Work-in-Progress and Capital Goods-in-Transit (At Cost)	**1,787.54**			**1,077.05**					**1,077.05**	**1,787.54**
	Previous Year	2,811.36			1,787.54					1,787.54	2,811.36
		52,729.54			**57,047.13**					**36,845.04**	**36,221.98**
		45,585.41			52,729.56					36,221.98	31,101.94

Notes : (1) Figures have been regrouped and recast whereever necessary.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

SCHEDULE - 6 INVESTMENTS (AT COST) - LONG TERM	As at 31-03-2011	As at 31-03-2010
Quoted :		
(1) Non-Trade Investment		
(A) 9,58,426 Shares (Previous Year 9,58,426 Shares) of ₹10/- each of M/s. Eimco Elecon (India) Ltd (Market Value ₹ 2,247.03 Lacs Previous Year ₹ 2,206.78 Lacs)	217.29	217.29
(B) Nil Shares of HDFC Ltd. (Previous year 58,880 Shares of ₹10/- each of HDFC Ltd.) (During the Year, the Company has received 2,35,520 shares on account of Sub-Division of Equity Shares of the nominal Face Value from ₹10/- to ₹ 2/- each) (Market value ₹ Nil Previous Year ₹ 1,599.89 Lacs)	-	33.85
(C) 500 Shares (Previous Year 500 Shares) of ₹10/- each of HDFC Bank Ltd. (Market Value ₹ 11.73 Lacs Previous Year ₹ 9.67 Lacs)	0.05	0.05
(D) 10,789 Shares (Previous Year 10,789 Shares) of ₹10/- each of Bank of Baroda (Market Value ₹ 106.03 Lacs Previous Year ₹ 70.23 Lacs)	21.19	21.19
Unquoted :		
(1) Non-Trade Investment		
(A) 1,24,500 Shares (Previous Year 2,49,500 Shares) of ₹ 10/- each of Wizard Fincap Ltd.	12.45	24.95
(B) 1,29,965 Shares (Previous Year 1,29,965 Shares) of ₹ 10/- each of Ringspann Elecon (India) Ltd.	13.00	13.00
(C) 2,00,000 Shares (Previous Year 2,00,000 Shares) of ₹ 10/- each of Eimco Elecon Electricals Ltd.	20.00	20.00
(2) Investment in Associates		
(A) 4,48,922 Shares (Previous Year 4,48,922 Shares) of S$ 1/- each of Elecon Singapore Pte. Ltd.	124.59	124.59
(B) 1,09,910 Shares (Previous Year 1,09,910 Shares) of Aus$ 1/- each of Elecon Australia Pty. Ltd.	31.45	31.45
(C) 2,02,750 Shares (Previous Year 2,02,750 Shares) of Rand 1/- each of Elecon Africa Pty. Ltd.	12.50	12.50
(D) 3 Shares (Previous Year 3 Shares) of AED 1,00,000/- each of Elecon Middle East FZCO	36.31	36.31
(E) 49,942 Shares (Previous Year 49,942 Shares) of US$ 1/- each of Elecon Engineering (Suzhou) Co. Ltd, China	22.08	22.08
(F) 12,500 Shares (Previous Year 12,500 Shares) of ₹10/- each of DRA (India) Ltd.	1.25	1.25
(G) Share Application Money of DRA (India) Ltd. (Pending Allotment)	55.00	-
(H) 12,750 Shares (Previous Year Nil) of ₹ 10/- each in Elecon Windfarm Developers (Motagunda-Vinzalpur) Ltd.	1.27	-

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

			As at 31-03-2011	As at 31-03-2010
(3)	**Investment in Subsidiary Companies**			
	(A)	1000 Shares (Previous Year Nil) of GBP 1 each of Elecon Transmission International Limited - Mauritius	0.73	-
	(B)	Share Application Money of Elecon Transmission International Limited, Mauritius, (Pending Allotment)	3,065.32	-
(4)	**Investment in Bonds / Funds**			
	(A)	Nil Bonds (Previous Year 90 Bonds) of Rural Elec. Corp. Bond of ₹ 10,000/- each	-	9.00
(5)	**Investment in Others**			
	(A)	1 Share (Previous Year 1 Share) of ₹ 100/- each of Charotar Gramoddhar Sahakari Mandal Limited	0.00	0.00
	(B)	80 Shares (Previous Year 80 Shares) of ₹ 10/- each of Karamsad Urban Co-operative Bank Limited	0.01	0.01
	(C)	100 Shares (Previous Year 100 Shares) of ₹ 10/- each of Anand Auto Vehicle Owners Co-operative Credit Society Ltd.	0.01	0.01
	(D)	1 Share (Previous Year 1 Share) of ₹ 100/- each of Anand Mercantile Co-operative Bank Limited	0.00	0.00
	(E)	10 Shares (Previous Year 10 Shares) of ₹ 500/- each of Charotar Gas Sahakari Mandali Limited	0.05	0.05
			3,634.55	567.57

Aggregate value of Quoted Investment ₹ 2,364.79 Lacs
(Previous Year ₹ 3,886.56 Lacs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE - 7		
CURRENT ASSETS, LOANS AND ADVANCES		
(A) Current Assets :		
(I) Stock of Stores, Loose Tools, Dies, Mechanical, Electrical and Electronic Spares (as taken, valued and certified by the Management) at lower of cost or net realisable value	776.31	1,193.30
(II) Stock-in-Trade (as taken, valued and certified by the Management)		
(i) Raw Materials (at lower of cost or net realisable value)	9,446.91	9,420.77
(ii) Semi-Finished Goods (at lower of cost or net realisable value)	17,987.93	19,064.99
(iii) Finished Goods (at lower of cost or net realisable value)	3,133.45	1,605.46
(iv) Goods-in-Transit (at Cost)	100.06	233.94
(III) Sundry Debtors (Unsecured, Considered Good) :	67,195.04	51,758.55
(i) Outstanding for a period exceeding six months	16,442.90	13,166.55
(ii) Others	50,752.14	38,592.00
(IV) Cash and Bank Balances :		
(a) Cash on Hand	3.28	8.25
(b) Balance with Scheduled Banks:		
(1) In Current Account	259.44	1,288.81
(2) Bank Deposit	974.11	2,535.60
(3) Unpaid Dividend Bank Account	68.31	48.59
(B) Loans and Advances (Unsecured Considered Good) :		
(1) Loans to Staff	5.77	7.00
(2) Loans to Subsidiaries	388.97	-
(3) Advances recoverable in Cash or Kind for value to be received	4,856.71	3,195.54
(4) Balance with Collector of Custom, Port Trust, Excise etc.	732.06	1,092.35
(5) Advance Payment of Income Tax (Net of Provisions)	171.30	1,172.54
	106,099.65	92,625.70

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

	As at 31-03-2011	As at 31-03-2010
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
* Sundry Creditors	35,647.23	29,469.48
Advance from Customers	11,846.02	8,529.91
Dividend Warrants issued but not encashed (Unpaid)	68.31	48.59
Interest accrued but not due	302.66	634.83
	47,864.22	38,682.81
(B) Provisions		
Provision for Gratuity	516.20	574.57
Proposed Dividend	1,671.51	1,392.92
Dividend Tax on Proposed Dividend	271.16	231.35
	50,323.09	40,881.65

* Includes an amount of ₹ 3,401.55 Lacs (Previous Year ₹ 4,148.33 Lacs) on account of Acceptance

SCHEDULE - 9		
MISC. EXPENDITURE		
(To the extent not written off)		
Balance as per Last Year	260.48	168.88
Add : Incurred during the year	176.57	157.75
	437.05	326.63
Less : Written off during the year	92.58	66.15
	344.47	260.48

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Year ended 31-03-2011	Year ended 31-03-2010
SCHEDULE - 10		
SALES		
Material Handling Equipments	55,608.24	51,431.59
Gear Sales	48,137.49	38,357.28
WTG Sales & Electricity Generation	727.80	317.53
Export Sales	5,578.45	6,364.92
Miscellaneous Sales	840.39	727.16
	110,892.37	97,198.48
SCHEDULE - 11		
OTHER INCOME		
* Dividend Income	40.45	87.33
** Interest Income	275.57	188.29
Profit on Sale of Assets (Net of Losses)	21.64	20.92
Profit on Sale of Investments (Net of Losses)	2,069.60	1,595.81
*** Miscellaneous Income	435.80	584.83
	2,843.06	2,477.18

* Includes an amount of ₹ Nil (Previous Year ₹ 0.03 Lacs) dividend on Trade Investments

** Includes an amount of ₹ 0.12 Lacs (Previous Year ₹ 3.57 Lacs) of TDS

*** Includes ₹ 63.00 Lacs (Previous Year ₹ 48.15 Lacs) as Insurance claim received

SCHEDULE - 12		
CONSUMPTION OF MATERIALS, SUB-CONTRACTS, ERECTION AND OTHER CHARGES		
Raw Materials Consumed	68,413.72	57,859.71
Stores, Tools and Spares Consumption	1,788.65	1,365.39
Sub-Contracts	6,379.61	8,493.07
Erection and other charges	1,540.55	828.55
Other manufacturing expenses	1,013.02	735.94
**** Technical Know how and Design Fees	202.56	94.26
	79,338.11	69,376.92

**** Includes ₹ 92.58 Lacs (Previous Year ₹ 66.15 Lacs) as Written off for Misc. Expenditure

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Year ended 31-03-2011	Year ended 31-03-2010
SCHEDULE - 13		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries and Wages (Incl. Managerial Remun.)	4,988.66	3,779.46
Contribution to Provident Fund	221.94	185.33
Employees' Welfare Expenses	220.06	190.41
Employees' Retirement Benefits	208.80	196.65
	5,639.46	4,351.85
SCHEDULE - 14		
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES		
Rent	37.45	12.32
Computer Software Charges	303.36	165.28
Rates & Taxes	268.93	114.47
Excise Duty (excluding duty recovered from Customers)	168.86	127.10
Repairs and Maintenance :		
Buildings	247.36	179.44
Machineries	690.48	741.12
Others	151.16	66.95
Insurance (net of recoveries)	100.15	124.09
Travelling Expenses	346.25	256.41
Bank Charges	993.43	736.39
Directors' Fees	6.95	6.01
Packing, Forwarding & Distribution Expenses (Net of Recoveries)	1,092.25	927.89
Commission & Brokerage	5,768.97	5,112.92
Rectification Expenses	42.36	89.08
Bad Debts Written Off	974.28	278.86
Liquidated Damages	1,129.70	437.09
Advertisements & Sales Promotion Expenses	314.89	230.90
Payment to Auditors	24.22	22.39
Donations	223.25	419.05
Lease Rentals	67.97	45.43
Royalty Paid	59.74	74.04
Technical Inspection Consultancy Fees	1.06	4.40
Other Professional Consultancy Fees	652.74	721.38
General Administrative Charges	745.40	643.70
Loss on account of Exchange Variation	197.32	167.41
	14,608.53	11,704.12

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

	Year ended 31-03-2011	Year ended 31-03-2010
SCHEDULE - 15		
INTEREST		
On Fixed Period Loans	1,301.54	1,363.19
On Working Capital	3,048.36	3,465.01
On Others	232.68	260.70
	4,582.58	5,088.90
SCHEDULE - 16		
INCREASE / DECREASE IN STOCK		
Opening Stock :		
Semi-finished Goods (WIP)	19,064.99	21,378.85
Finished Goods	1,605.46	2,758.11
	20,670.45	24,136.96
Closing Stock :		
Semi-finished Goods (WIP)	17,987.93	19,064.99
Finished Goods	3,133.45	1,605.46
	21,121.38	20,670.45
(Increase)/Decrease in Stock	(450.93)	3,466.51

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page 107 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Baroda. **Postage for sending the form will be borne by the Company.**

SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH 2011.

SCHEDULE – 17

NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation and presentation of the accounts are as under:

a) Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP'] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the periods, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the periods in which the results are known.

b) Fixed Assets

Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and attributable cost of bringing the Assets to its working condition for its intended use, but excludes CENVAT / Service Tax / VAT credit availed.

c) Borrowing Cost

Financing costs relating to deferred credits or borrowed funds attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition of fixed assets are included in the cost of the assets to which they relate.

d) Depreciation

Plant & Machineries are depreciated on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

In respect of all other Fixed Assets, depreciation is provided on Written Down Value Method, at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is provided on pro-rata basis:

i) From the date of addition, in case of additions during the year to the Fixed Assets; and

ii) Up to the date of disposal, in case of disposals during the year of the Fixed Assets.

e) Inventories

Materials and other supplies are usually held for use in the production of finished goods. These are not written down below cost if the finished goods in which they will be consumed are expected to be sold at or above cost.

Inventories are valued at lower of cost or estimated net realizable value. The cost of inventories is arrived at on the following basis:

Raw Materials and Stores	:	Weighted Average Cost
Stock-in-Process	:	Raw Materials at Weighted Average Cost & absorption of Labour and Overheads
Finished Goods	:	Raw Materials at Weighted Average Cost & absorption of Labour and Overheads

f) Investments

Investments are generally of Long Term nature and are stated at cost unless there is other than temporary diminution in their value as at the date of Balance Sheet.

Investments in foreign companies are stated at cost of acquisition.

g) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by the future event not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognized in the financial statements.

h) **Revenue Recognition**

i) Sale of goods is generally recognized on dispatch to customers and is shown net of recoveries.

ii) Income on turnkey contracts is accounted for on the basis of billings made on customers against mutually agreed billing schedules.

Advances received from customers in respect of contracts, which are not in relation to work performed thereon, are shown as "Advance from Customers".

Amounts retained by customers until satisfaction of conditions specified in the contract for release of such amounts are reflected as Sundry debtors.

Credits are taken for claims in respect of cost escalation and extra work as and when and to the extent admitted by customers.

Provision is made in full for claims or penalties payable arising out of delays in completion or from any other causes as and when admitted.

iii) Interest revenues are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Dividend from investments in Shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

(v) Consistent with past practice, export incentives are accounted for as and when the claims thereof have been admitted by the authorities.

i) **Foreign Currency Transactions**

i) Transactions in foreign currencies are generally recorded by applying to the foreign currency amount, the exchange rate existing at the time of the transaction. However, where Forward Exchange Contracts are entered into, the forward rates specified in the related Forward Exchange Contracts have been used as the basis of measuring and recording the transactions.

ii) Gains or losses on settlement, in a subsequent period of transactions entered into in an earlier period are credited or charged to the Profit and Loss Account.

j) **Miscellaneous Expenditure**

Expenditures like Technical Know How Expenditures, which are having the benefits of enduring nature, are treated as miscellaneous expenditure and are being written off over a period as may be decided by the management.

k) **Retirement Benefits**

Retirement benefits to employees are being provided for by way of payments to Gratuity and Provident Funds.

i) The Gratuity liability & liability in respect of Leave Encashment is determined based on the Actuarial Valuation done by Actuary as at balance sheet date in context of the Revised AS-15 issued by the ICAI, as follows :-

(₹ in Lacs)

PARTICULARS	Gratuity Funded	Leave Encashment
Expense recognized in the Statement of Profit & Loss for the year ended March 31, 2011		
Current Service Cost	61.72	36.30
Interest Cost	83.06	12.01
Employer Contribution	-	-
Expected Return on Plan Assets	(49.19)	-
Net Actuarial (Gains) / Losses	(3.86)	17.15
Past Service Cost	-	-
Settlement Cost	-	-
Total Expenses	***91.73***	***65.45***

Net Asset / (Liability) recognized in the Balance Sheet as at March 31, 2011		
Present value of Defined Benefit Obligation as at March 31, 2011	1107.00	171.15
Fair value of plan assets as at March 31, 2011	590.80	-
Funded status [Surplus / (Deficit)]	(516.20)	-
Net asset / (liability) as at March 31, 2011	***(516.20)***	***171.15***
Change in Obligation during the Year ended March 31, 2011		
Present value of Defined Benefit Obligation at beginning of the year	1047.43	151.39
Current Service Cost	61.72	36.30
Interest Cost	83.06	12.01
Settlement Cost	-	-
Past Service Cost	-	-
Employer Contributions	-	-
Acturial (Gains) / Losses	(8.45)	17.15
Benefits Payments	(76.76)	(45.69)
Present value of Defined Benefit Obligation at the end of the year	***1107.00***	***171.15***
Change in Assets during the Year ended March 31, 2011		
Plan assets at the beginning of the year	472.86	-
Assets acquired in amalgamation in previous year	-	-
Settlements	-	-
Expected return on plan assets	49.19	-
Contributions by Employer	150.10	-
Actual benefits paid	(76.76)	-
Actuarial (Gains) / Losses	(4.59)	-
Plan assets at the end of the year	590.80	-
Actuarial Assumptions:		
Discount Rate	7.93%	
Expected rate of return on plan assets	9.25%	
Mortality pre retirement	-	
Turnover rate	3% to 1%	
Rate of escalation in salary (p.a.)	4.50%	

a. The rate of escalation in Salary (p.a.) considered in actuarial valuation is worked out after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Mortality rates are obtained from the relevant data of Life Insurance Corporation of India.

b. The liability for the Gratuity ₹ 516.20 Lacs (Previous Year ₹ 574.57 Lacs.) as shown in the balance sheet is after adjusting the Fair value of plan assets (Invested with LIC/SBI) as at March 31, 2011 of ₹ 590.80 Lacs (Previous Year ₹ 472.86 Lacs.)

(ii) Liability in respect of Superannuation benefits extended to eligible employees is contributed by the Company to Life Insurance Corporation of India against a Master Policy @ 15% of the basic Salary of all the eligible employees. The Company is providing for the outstanding Liability amount allocable to the broken period beyond the balance sheet date.

iii) Liability in respect of Provident Fund is provided for on actual contribution basis.

l) As regards Insurance premium and Guarantee Commission, the Company is providing for prepaid amount allocable to period falling beyond the date of Balance Sheet under review.

m) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which the asset is identified as impaired. The impairment loss recognized in prior periods is reversed if there has been a change in the estimate of recoverable amount.

2. **The loans referred to in Schedule 3 are secured as under**

i) Fund Based and Non Fund Based Working Capital Facilities [3A(a) & (b)(ii)] granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Exim Bank, Axis Bank Ltd., HDFC Bank Ltd., IDBI Bank Ltd.,

and Standard Chartered Bank are secured by an equitable mortgage on the immovable properties and hypothecation of movable plant and machinery and assets of the Company's Materials Handling Equipment Division and Gear Division excluding certain assets specifically/ exclusively charged to other banks/ financial institutions but including the whole of the Company's Currents Assets, inventories, receivables and book debts ranking pari passu inter se in respect of working capital facilities and guarantees issued by them in favour of various clients of the Company. Standard Chartered Bank was inducted in consortium on 28-09-2010 and documentation was made on 30-04-2011.

ii) Term Loans [3A(b)(i)] obtained from Bank of Baroda, Exim Bank, Axis Bank Ltd., ICICI Bank Ltd., Citi Bank N.A. and Vijaya Bank is secured by exclusive charge by way of Hypothecation on specific assets for which payments were made out of the term loan.

iii) Capital Assets acquired on HP Loans from Banks [3B(a)] are secured by exclusive charge on respective assets purchased through those loans.

3. **Contingnet Liabilities**

No provision has been made in the accounts in respect of the following:

a) Disputed Excise Duty ₹ 269.38 Lacs (Previous Year ₹ 159.36 Lacs), against demand notices received so far.

b) Disputed Sales Tax/ Works Contract Tax ₹ 347.55 Lacs (Previous Year ₹ 347.55 Lacs).

c) In respect of disputed Income Tax demands:

(i) Disputed by Company ₹ 1079.65 Lacs (Previous Year ₹ 1254.61 Lacs)

(ii) Disputed by Income Tax Authorities ₹ 22.47 Lacs (Previous Year ₹ 52.62 Lacs)

d) Guarantees issued by the Company's Bankers ₹ 45,082.46 Lacs (Previous Year ₹ 42,854.59 Lacs)

e) Liability for export obligation under Export Promotion Credit Guarantee ₹ 11,544.10 Lacs (Previous Year ₹ 11,759.25 Lacs).

f) Sales Bills discounted under LC with Banks ₹ 3,713.74 Lacs (Previous Year ₹ 2,961.27 Lacs).

g) Corporate Guarantees given on account of advance received from customers ₹ 257.06 Lacs (Previous Year ₹ 641.72 Lacs) and on account of performance ₹ 357.74 Lacs (Previous Year ₹ 573.59 Lacs)

h) Unascertained amount in respect of a suit filed against the Company by a foreign collaborator for royalty and other allied matters.

i) NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting blue Technologies (RBT) of USA and the Company, in the court of Ohio, USA on account of non performing of Wind Mill supplied through Relfecting blue Technologies (RBT). The Company is in the process of filing the reply suitably in consultation with the lawyer. Since the matter is in preliminary stage, amount of claim is unascertainable.

4. The Company has provided Corporate Guarantee to Swedish Pension Authority to the tune of SEK 15.00 Million (₹ 1,057.73 Lacs) as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Elecon Transmission International Limited, Mauritius, a Wholly-owned Subsidiary of the Company.

5. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 11,897.12 Lacs (Previous Year ₹ 2,275.82 Lacs).

6. Technical Know how fees paid to Overseas Collaborators in pursuance of different Technology Know How Agreements during earlier years including current year has been treated as Miscellaneous Expenditure, and to be written off over a period of 6 years. In this account there was an opening balance of ₹ 260.48 Lacs (Previous Year ₹ 168.88 Lacs). During the year ₹ 176.57 Lacs have been paid and have been treated as Deferred. Out of total ₹ 437.05 Lacs, ₹ 92.58 Lacs (Previous Year ₹ 66.15 Lacs) has been charged to Profit & Loss Account.

7. Profit on sale of investment shown under the head of other income in Profit & Loss Account includes an amount of ₹ 2,069.60 Lacs (Previous Year ₹ 1,595.81 Lacs) pertaining to profit on sale of long term investment.

8. Sundry Debtors includes retention money not due amounting to ₹ 15,738.40 Lacs retained by various customers against big turnkey contracts as per the terms of agreement, and are receivable after satisfactory completion of the respective contracts.

9. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under this Act could not been given.

10. Auditors' remuneration includes the following amounts paid or adjusted as paid to them during the year.

(₹ in Lacs)

In capacity of	2010-11	2009-10
A. Auditor	15.00	15.00
B. Advisor, in respect of :		
1. Tax Audit	2.20	2.20
2. Company Law Matters	-	-
C. In any other Capacity	6.61	4.59
D. Re-imbursement of Expenses	0.41	0.60
TOTAL	24.22	22.39

Over & above the aforesaid payments an amount of ₹ 5.06 Lacs (Previous Year ₹ 3.31 Lacs) has been paid to a concern of which one of the partners of the statutory auditors is a proprietor.

11. a) The sales are shown net of VAT/CST amounting to ₹ 2,525.61 Lacs (Previous Year ₹ 2,062.54 Lacs).

b) The Sales figure includes Deemed Export Sales of ₹ 7,900.67 Lacs (Previous Year ₹ 3,888.07 Lacs). The Gross Export Sales for the year is ₹ 5,578.45 Lacs (Previous Year ₹ 6,364.92 Lacs).

12. Managerial Remuneration

a) Managerial Remuneration under Section 198 of the Companies Act, 1956.

(₹ in Lacs)

Sr. No.	Particulars	2010 - 11	2009 - 10
i)	Remuneration	165.24	108.00
ii)	Perquisite	0.00	0.08
iii)	Commission on Net Profit	200.00	145.00
iv)	Contribution towards PF, Gratuity & Superannuation	56.59	34.35
	TOTAL	421.83	287.43

b) Computation of Net Profits in accordance with Section 309(5) of the Companies Act, 1956 :

(₹ in Lacs)

Particulars		2010 - 2011	2009 - 2010
Profit as per Profit and Loss Account		12,068.99	9,031.70
Add :	Managerial Remuneration	421.83	287.43
	Directors' Fees	6.95	6.01
	Total	12,497.77	9,325.14
Less :	Capital Profit on Sale of Fixed Assets	21.64	20.92
	Capital Profit on Sale of Investment	2,069.60	1,595.81
	Total	10,406.53	7,708.41

13. Information about Business Segment

(₹ in Lacs)

	2010 - 2011	2009 - 2010
Segment Revenue		
Material Handling Equipment	67,457.47	65,491.37
Transmission Equipment	52,464.00	42,592.05
Total	119,921.47	108,083.42
Less: Inter Segment Revenue	2,200.61	3,446.37
Net Sales / Income from Operation	117,720.86	104,637.05
Segment Profit & Loss Before Tax & Interest		
Material Handling Equipment	8,924.49	8,308.06
Transmission Equipment	8,396.91	6,861.52
Total	17,321.40	15,169.58
Less : a) Interest	4,582.58	5,088.90
b) Unallocated Corporate Expenses (Net of un-allocable income)	669.83	1,048.98
Total Profit Before Tax	12,068.99	9,031.70
Capital Employed		
1. a) Segmentwise Assets		
Material Handling Equipment	90,711.83	80,269.71
Transmission Equipment	55,867.40	48,577.73
b) Unallocated Assets	-	-
2. a) Segmentwise Liabilities		
Material Handling Equipment	41,497.16	32,466.32
Transmission Equipment	8,825.93	8,415.10
b) Unallocated Liabilities	-	-
3. a) Segmentwise Capital Employed		
Material Handling Equipment	49,214.67	47,803.39
Transmission Equipment	47,041.47	40,162.63
b) Unallocated Capital Employed	-	-
Total Capital Employed	96,256.14	87,966.02

Notes

a. Since, the figures of Alternate Energy Division (AED) are not reportable segment, as per the requirements of AS – 17, they are not shown separately.

b. The Company has disclosed Business Segment as primary segment.

c. Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.

d. The Segment Revenue, Results, Assets and Liability include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

e. Inter Segment Transfer Pricing Policy – the Gear supplied to Material Handling Equipment Division is based on cost.

14. Deferred Taxation

Deferred Tax Assets and Liabilities are recognized as per Accounting Standard AS-22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

During the year 2010-11, the Deferred Tax Assets and Liabilities comprise of tax effect of following timing differences:

(₹ in Lacs)

	2010 - 2011		2009 - 2010	
	Def. Tax Liabilities	Def. Tax Assets	Def. Tax Liabilities	Def. Tax Assets
In respect of difference between book & Tax W. D. V.	4,160.51	-	4,138.94	-
In respect of disallowance under the Income Tax Act.	-	54.06	-	113.09
	4,160.51	54.06	4,138.94	113.09
Net Deferred Tax Liability	4,106.45	-	4,025.85	-

15. **Basic and Diluted Earning Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning Per Share".**

(₹ in Lacs)

		2010 - 2011	2009 - 2010
A)	Net Profit for Basic Earnings Per Share as per P & L A/c.		
	- Before Extra Ordinary Items	8,792.12	6,617.53
	- After Extra Ordinary Items	8,792.12	6,617.53
	Adjustments for the purpose of Diluted EPS		
	- Interest on FCCB (Net of Tax)	-	-
	Net Profit for Diluted Earnings Per Share		
	- Before Extra Ordinary Items	8,792.12	6,617.53
	- After Extra Ordinary Items	8,792.12	6,617.53
B)	Weighted average number of Equity Shares :		
	● No. of Shares at the beginning of the year	9,28,61,510	9,28,61,510
	● Weighted average Shares for:		
	- Basic Earnings Per Share	9,28,61,510	9,28,61,510
	- Diluted Earnings Per Share	9,28,61,510	9,28,61,510
C)	Earning Per Share		
	● Before Extra Ordinary Item		
	- Basic (₹)	9.47	7.13
	- Diluted (₹)	9.47	7.13
	● After Extra Ordinary Item		
	- Basic (₹)	9.47	7.13
	- Diluted (₹)	9.47	7.13
D)	Face Value Per Share (₹)	2.00	2.00

16. **Related Party Disclosure**

Related Party Disclosure as required by AS-18, are given below:

i) Relationship:

a-1) Subsidiary of the Company:

- Elecon Transmission International Limited, Mauritius

a-2) Step down Subsidiaries

- David Brown Systems Sweden AB, Sweden
- Radicon Transmission UK Limited, U.K.
- AB Benzlers, Sweden
- Elecon USA Transmission Limited, USA
- Benzlers Transmission A.S., Denmark
- Benzlers Antriebstechnik GmbH, Germany
- Benzlers TBA B.V., Netherlands
- Benzlers Antriebstechnik Gesmbh, Austria
- OY Benzlers AB, Finland
- Benzlers Malaysia

b) Associates and Joint Ventures

- Ringspann Elecon (I) Limited
- Eimco Elecon (India) Limited
- DRA (India) Limited
- Elecon Australia Pty. Limited
- Elecon Africa Pty. Limited

- Elecon Singapore Pte. Limited
- Elecon Middle East FZCO
- Elecon Engineering (Suzhou) Co. Ltd., China
- Elecon Windfarm Developers (Motagunda-Vinzalpur) Limited

c) Individual having control / significant influence

- Shri Prayasvin B. Patel

d) Key Management Personnel

- Shri Prayasvin B. Patel

e) Enterprises over which (c) or (d) above have significant influence

- Bipra Investments & Trusts Private Limited
- Devkishan Investment Private Limited
- K. B. Investments Private Limited
- Elecon Information Technology Limited
- Emtici Engineering Limited
- Prayas Engineering Ltd.
- Speciality Wood Pack Private Limited
- Power Build Limited
- Kirloskar Power Build Gears Limited
- Akaaish Mechatronics Limited
- Madhuban Prayas Resorts Limited
- Narmada Travels Limited
- Wizard Fincap Limited

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

(₹ in Lacs)

Sr. No.	Nature of Transaction	(a)		(b)		(e)	
		2010-2011	2009 - 2010	2010 - 2011	2009 - 2010	2010 - 2011	2009 - 2010
1.	Purchase of Material/fin. Goods	—	—	328.09	436.94	10,053.90	8,748.45
2.	Job work Income from other Co.	—	—	6.49	2.00	70.42	23.41
3.	Job work Expenses to other Co.	—	—	53.70	36.32	4,070.12	2,895.41
4.	Sale of Fin. Goods / Consumable Stores	—	—	435.54	252.93	1,884.80	1,252.01
5.	Purchase of Fixed Assets	—	—	—	1.77	226.11	345.30
6.	Sale of Fixed Assets	—	—	—	—	—	—
7.	Expenses Charged to other Co.	498.28	—	108.09	99.45	348.66	163.70
8.	Exp. Charged by other Co.	—	—	52.82	138.13	1,310.96	1,077.89
9.	Sales Commission	—	—	446.67	—	4,965.88	4,747.89
10.	Deposit/ Loan taken	—	—	—	—	—	—
11.	Deposit/ Loan given	388.97	—	—	—	—	—
12.	Int. on above Loan/ Deposit	3.27	—	—	—	—	—
13.	Subscription to Share Capital	0.73	—	1.27	—	—	—
14.	Application for Share Capital	3,065.32	—	55.00	—	—	—
15.	Sale of Shares of Co.	—	—	—	—	12.50	1.45
16.	Others	—	—	212.43	—	39.67	—

Sr. No.	Nature of Transaction	Transaction with (c) & (d)	
		2010 - 2011	2009 - 2010
1.	Remuneration	421.83	287.43

17. Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

A) Turnover (Certified by the Management)	2010 - 2011 Unit / Quantity	2010 - 2011 Value ₹ in Lacs	2009 - 2010 Unit / Quantity	2009 - 2010 Value ₹ in Lacs
1. Conveying Equipments	13,463.03 Tonnes	36,929.51	13,499.19 Tonnes	39,188.33
2. Wagon Tippler & Dust Trapping Equipments	18 Nos.	1827.53	10 Nos.	2,800.18
3. Crushers, Screens & Feeders	628.05 Tonnes	2,516.45	733.74 Tonnes	2,920.15
4. Specialised Conveying Equipment, Stacker Reclaimers, Blender Reclaimers, Rotary Disc Loaders	4,677.84 Tonnes	12,804.09	2,498.51 Tonnes	7,015.46
5. Reduction Gears & Geared Motors	39,908 Nos.	51,618.09	31,919 Nos.	41,897.63
6. Wagon Marshalling Equipment	780.61 Tonnes	3,143.04	275.76 Tonnes	1,148.20
7. EOT & Goliath Cranes	—	—	—	—
8. Wind Turbine Generators	1 Nos.	325.47	4 Nos.	1,107.00
9. Axles	73 Nos.	160.00	35 Nos.	78.12
10. Others	—	1,568.19	—	1,043.41
TOTAL		110,892.37		97,198.48

B) Raw Materials Consumed	2010 - 2011 Unit / Quantity	2010 - 2011 Value ₹ in Lacs	2009 - 2010 Unit / Quantity	2009 - 2010 Value ₹ in Lacs
• Iron & Steel	29,658 Tonnes	15,207.15	25,296 Tonnes	16,280.76
• Pipes & Tubes	98,990 Mtrs.	712.86	86,885 Mtrs.	552.43
• Forgings	—	5,462.54	—	3,178.57
• Bearings	431,904 Nos.	7930.86	401,368 Nos.	7,130.15
• Beltings	8,298 Mtrs.	269.18	19,276 Mtrs.	601.11
• Electricals	—	5,160.14	—	7,774.87
• Castings	6,013 Tonnes	6,375.13	3,440 Tonnes	3,616.34
• Other Components	—	27,295.86	—	18,725.48
TOTAL		68,413.72		57,859.71

Note: The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

C) Stocks

	2010 - 2011				2009 - 2010			
	Opening stock		Closing stock		Opening stock		Closing stock	
	Unit Nos.	Value ₹ in Lacs	Unit Nos.	Value ₹ in Lacs	Unit Nos.	Value ₹ in Lacs	Unit Nos.	Value ₹ in Lacs
Reduction Gears & Geared motors	928	1,605.46	1,725	3,133.45	1,184	2,758.11	928	1,605.46

D) Capacity and Production
(Certified by the Management)

	2010 - 2011				2009 - 2010		
		Capacity*			Capacity*		
	Unit	Licensed	Installed	Actual Production+	Licensed	Installed	Actual Production +
• Conveying Equipments	Tonnes	N.A.	15,000	13,463.03	N.A.	15000	13,499.19
• Wagon Tippler & Dust Trapping Equipment	Nos.	N.A.	16 Sets each	18	N.A.	16 Sets each	10
• Crushers, Screens & Feeders	Tonnes	N.A.	1000	628.05	N.A.	1000	733.74
• Specialised Conveying Equipment, Stacker Reclaimers, Blender Reclaimers, Rotary Disc, Loaders etc.	Tonnes	N.A.	3000	4,677.84	N.A.	3000	2,498.51
• Reduction Gears and Geared Motors	Nos.	N.A.	55000	40,705.00	N.A.	55000	31,663
• Wagon Marshalling Equipment	Tonnes	N.A.	300	780.61	N.A.	300	275.76
• EOT Cranes & Goliath Cranes	Nos.	N.A.	100	—	N.A.	100	—
• Wind Turbine Generators	Nos.	N.A.	50	1	N.A.	50	4
• Axles**	Nos.	N.A.	1,500	73	N.A.	1,500	35

* As certified by the Management.

** For Captive consumption

\+ As per DGTD return.

(₹ in Lacs)

E) Value of Imports on C.I.F. basis	2010 - 2011	2009 - 2010
Raw Material	4,954.90	4,815.86
Stores and Spares	335.11	275.70
Capital Goods	710.16	4,775.96
F) Expenditure in Foreign Currency		
Interest	421.16	1,362.03
Technical know how	111.95	127.75
Technical Consultancy Fees	11.06	2.01
Legal and Professional fees	161.35	83.94
Others	871.27	181.06
TOTAL	1,576.79	1,756.79

G) Value of Raw Materials consumed

	2010 - 2011		2009 - 2010	
	Value ₹ in Lacs	% of Total Consum.	Value ₹ in Lacs	% of Total Consum.
Imported	4,228.80	6	6,112.67	11
Indigenous	64,184.92	94	51,747.04	89
TOTAL	68,413.72	100	57,859.71	100

H) Value of Stores and Spares Consumed

	2010 - 2011		2009 - 2010	
	Value ₹ in Lacs	% of Total Consum.	Value ₹ in Lacs	% of Total Consum.
Imported	121.23	7	84.72	6
Indigenous	1,667.42	93	1,280.67	94
TOTAL	1,788.65	100	1,365.39	100

(₹ in Lacs)

	2010 - 2011	2009- 2010
I) Amount remitted during the year in Foreign Currency on account of Dividend	NIL	NIL
J) Earnings in Foreign Exchange		
Export of goods on FOB Basis		
• Reduction Gears	3,640.60	3,618.18
• Conveying Equipments	1,937. 84	2,746.74
• Interest	0.00	0.00

18. Figures of previous year are regrouped and recast wherever necessary.

19. Schedules 1 to 17 form an integral part of Balance Sheet and Profit & Loss Account.

Signature to Notes on Balance Sheet and Profit & Loss Account and Schedules 1 to 17.

As per our report of even date attached

For and on behalf of
THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Reg. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Shareholders of
ELECON ENGINEERING COMPANY LIMITED
Vallabh Vidyanagar.

1. We have audited the attached Consolidated Balance Sheet of ELECON ENGINEERING COMPANY LIMITED Group, as at 31st March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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. We did not audit the financial statements of subsidiaries and joint ventures, whose financial statements reflect total assets of ₹ 26,420.82 lacs as at 31st March 2011, the total revenue of ₹ 11,150.15 lacs and cash flows amounting to ₹1,417.64 lacs for the year then ended, and of certain associate companies whose financials statements reflect the Group's share in the profit / loss (net) of such associate companies of ₹ 153.60 lacs for the year ended on 31st March 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

4. We have relied on the unaudited financial statements of certain associate companies, namely (i) DRA (India) Limited (ii) Elecon Eng. (Suzhou) Co. Limited (iii) Elecon Africa Pty. Limited (iv) Elecon Australia Pty. Limited, which reflect the Group's share in the profit / (loss) (net) of ₹ (24.72) lacs for the year ended on 31st March 2011. These unaudited financial statements have been compiled and certified by the management, and our opinion is based solely on these unaudited financial statements certified by the management.

5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements, the other financial information of the components and financial statements certified by the management as explained in paragraph 4 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;

   (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For, THACKER BUTALA DESAI
Chartered Accountants

M. T. DESAI
Partner
M. No. : 030911
Firm Regn. No. 110864W

Place : Navsari
Date : 28-05-2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

		Schedule	As at 31st March 2011
I.	SOURCES OF FUNDS		
A)	SHAREHOLDERS FUNDS:		
	Share Capital	1	1,857.23
	Reserves and Surplus	2	39,981.86
			41,839.09
B)	LOAN FUNDS		
	Secured Loans	3	43,156.97
	Unsecured Loans	4	21,688.99
			64,845.96
C)	Deferred Tax Liability (Net)		3,920.22
	TOTAL		110,605.27
II.	APPLICATION OF FUNDS		
A)	Goodwill on Consolidation		5,084.84
B)	Fixed Assets	5	
	Gross Block		69,345.42
	Less : Depriciation		25,847.24
	Net Block		43,498.18
C)	Investments	6	438.96
D)	Current Assets, Loans and Advances	7	120,585.16
	Less : Current Liabilities and Provisions	8	59,365.14
	Net Current Assets		61,220.02
E)	Misc. Expenditure	9	363.27
	(To the extent not written off)		
	TOTAL		110,605.27

Significant Accounting Policies and Notes to Accounts 17

The accompanying schedules 1 to 17 form an integral part of these accounts

For THACKER BUTALA DESAI
Chartered Accountants

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Paresh M. Shukla
Company Secretary

Place : Navsari
Date : 28-05-2011

Place : Vallabh Vidyanagar
Date : 24-05-2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

(₹ in Lacs)

	Schedule	Year Ended 31st March 2011
INCOME		
Sales	10	130,666.96
Less: Excise Duty		(8,732.98)
Net Sales		121,933.98
Erection and other Charges		6,827.43
Other Income	11	2,854.51
		131,615.92
EXPENDITURE		
Consumption of Materials, Sub-Contracts, Erection and other charges	12	88,132.43
Power and Fuel		935.82
Employees' Remuneration and Benefits	13	7,790.44
Administrative, Selling & General Expenses	14	16,735.97
Interest	15	4,854.62
Depreciation		4,063.84
		122,513.12
(Increase)/Decrease in Stock	16	(3,197.36)
		119,315.76
PROFIT BEFORE TAXATION AND EXTRA ORDINARY ITEMS		12,300.16
Extra Ordinary Items		-
PROFIT BEFORE TAXATION		12,300.16
Provision for Taxation (including Wealth tax)		3,366.68
Deferred Tax		63.09
		8,870.39
Excess/(Short) Provision for Taxation in earlier years (net)		(3.48)
PROFIT AFTER TAXATION		8,866.91
Add : Share of Profits of Associates		128.88
PROFIT AFTER TAXATION AND SHARE OF ASSOCIATES		8,995.79
Balance brought forward from last year		2,037.51
PROFIT AVAILABLE FOR APPROPRIATION		11,033.30
APPROPRIATION		
Proposed Dividend		1,671.51
Tax on Proposed Dividend		277.38
Transfer to General Reserve		6,674.46
Balance Carried Forward		2,409.95
Earning Per Share (₹) (Refer Note 12 of Schedule 17)		
- Before Extra Ordinary Items		
(i) Basic		9.69
(ii) Diluted		9.69
- After Extra Ordinary Items		
(i) Basic		9.69
(ii) Diluted		9.69
Face Value Per Share (₹)		2.00
Significant Accounting Policies and notes to Accounts	17	

The accompanying schedules 1 to 17 form an integral part of these accounts

For, THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

Particulars	As on 31-03-2011
[A] CASH FLOW FROM OPERATING ACTIVITIES	
1. Net Profit before Tax and Share of Profit of Associates	12,300.16
2. Adjustments for:	
[i] Depreciation	4,063.84
[ii] Interest Income	(282.68)
[iii] Profit on sale of investments	(2,069.65)
[iv] Dividend	(3.30)
[v] Gratuity	(58.37)
[vi] Profit on sale of assets	(36.13)
[vii] Interest Expense	4,854.62
[viii] Miscellenous expenses written off	101.16
[ix] Unrealised exchange gains	34.38
Operating Profit Before Working Capital Changes (1 + 2)	18,904.03
3. Adjustments for Working Capital changes:	
[i] Trade & Other Receivables	
- Trade Receivables	(15,945.69)
- Loans and Advances	(1,888.15)
[ii] Trade & Other Payables	
- Trade Payables	6,816.35
- Advances	3,682.44
[iii] Inventories	41.56
	(7,293.49)
CASH GENERATED FROM OPERATIONS	11,610.54
4. Less: Direct Taxes Paid	(2,335.31)
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	9,275.23
5. Misc. Expenditure	
Miscellenous expenses incurred	(176.57)
NET CASH FROM OPERATING ACTIVITIES [A]	9,098.66

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in Lacs)

Particulars	As on 31-03-2011
[B] CASH FLOW FROM INVESTING ACTIVITIES	
1. Purchase of Fixed Assets	(4,855.90)
2. Sale of Fixed Assets	292.77
3. Purchase of Investments	(168.17)
4. Acquisition of Subsidiary (net of cash balance of ₹ 518.32 Lacs)	(13,856.24)
5. Sale of Investments	2,141.97
6. Interest Received	277.06
7. Dividend Received	3.30
NET CASH FROM INVESTING ACTIVITIES [B]	(16,165.21)
[C] CASH FLOW FROM FINANCING ACTIVITIES	
1 Proceeds from Borrowings (Net)	12,477.78
2 Interest Paid	(4,920.45)
3 Dividend Paid (incl. tax thereon)	(1,649.26)
NET CASH FROM FINANCING ACTIVITIES [C]	5,908.07
[D] NET INCR./(DECR.) IN CASH & CASH EQUIVALENTS [A+B+C]	(1,158.48)
[E] CASH & CASH EQUIVALENTS AS ON 01-04-2010	3,941.07
[F] CASH & CASH EQUIVALENTS AS ON 31-03-2011	2,782.59

For, THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Place : Navsari
Date : 28-05-2011

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

			(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 1			
SHARE CAPITAL			
(A)	Authorised Share Capital		
	(i)	22,50,00,000 Equity Shares of ₹ 2/- each	4,500.00
	(ii)	2,50,00,000 Cummulative Redeemable Preferance Shares of ₹ 2/- each	500.00
			5,000.00
(B)	Issued, Subscribed and Paid-up Capital:		
	9,28,61,510 Equity Shares of ₹ 2/- each		1,857.23
	Notes : of the above		
	(i)	3,42,100 Equity Shares of ₹ 2/- each in above (originally alloted 68,420 Equity Shares of ₹ 10/- each) were issued as fully paid-up, pursuant to a contract without payment being received in cash	
	(ii)	1,73,38,890 Equity Shares of ₹ 2/- each in above (originally alloted 34,67,778 Equity Shares of ₹ 10/- each) were issued as Bonus Shares by way of capitalisation of Share Premium and Reserve	
	(iii)	54,98,160 Equity Shares of ₹ 2/- each in above (originally alloted 10,99,632 Equity Shares of ₹ 10/- each) were issued as fully paid-up shares on conversion of debentures	
	(iv)	27,16,787 Equity Shares of ₹ 2/- each were alloted as fully paid-up shares on conversion of FCCB of Series 'A' 9,000 nos. of $ 1,000 each.	
	(v)	6,19,07,673 Equity Shares of ₹ 2/- each in above were issued as Bonus Shares by way of capitalisation of Share Premium and Reserve	1,857.23

			(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 2			
RESERVES AND SURPLUS			
(A)	Capital Reserve		
	As per Last Balance Sheet		0.48
			0.48
(B)	Share Premium Account		
	As per Last Balance Sheet		2,881.94
			2,881.94
(C)	General Reserve		
	As per Last Balance Sheet		27,857.28
	Add : Transferred during the year from P&L account		6,674.46
			34,531.74
(D)	Foreign Currency Translation Reserve		157.75
(E)	Profit and Loss Account		2,409.95
			39,981.86

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

			(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 3			
SECURED LOANS			
A.	Loans and Advances from		
	(a)	Working Capital Loans	
		From Banks	17,074.64
	(b)	Long Term Loans	
		i) Term Loans (Repayable within a year ₹ 5,870.08 Lacs)	20,667.81
		ii) Corporate Loans (Repayable within a year ₹ 1,833.33 Lacs)	5,160.00
B.	(a)	HP from Other Banks (Repayable within a year ₹ 130.59 Lacs)	254.52
			43,156.97

SCHEDULE - 4			
UNSECURED LOANS			
A.	Short Term Loan from Banks :		
	i)	from Banks (Incl. Commercial Papers)	21,562.30
	ii)	from Others	-
B.	Loans and Advances from Others :-		126.69
			21,688.98

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - 5 : FIXED ASSETS

(₹ in Lacs)

SR NO.	NATURE OF ASSETS	AT COST AS AT 01.04.2010	ADDITIONS AND TRANSFERS DURING THE YEAR AT COST	DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. DURING THE YEAR AT COST	COST AS AT 31.03.2011	DEPRECIATION UP TO 31.03.2010	ACCUMULATED DEPRECIATIONF OR DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. MADE DURING THE YEAR	DEPRECIATION FOR THE YEAR ENDED 31.03.2011	ACCUMULATED DEPRECIATION UP TO 31.03.2011	NET BLOCK As at 31.03.2011
Tangible Assets										
1.	Land (Freehold)	2,110.24	234.86	-	2,345.10	-	-	-	-	2,345.10
2.	Buildings	4,521.33	1,809.93	-	6,331.26	2,382.64	-	319.22	2,701.86	3,629.40
3.	Plant and Machinery	39,892.58	8,177.86	383.81	47,686.63	16,425.76	150.24	3,004.78	19,280.30	28,406.33
4.	Elecrical Instalations	204.19	348.91	-	553.10	140.74	-	44.05	184.79	368.31
5.	Electrical Fittings	63.18	11.49	-	74.67	61.44	-	3.10	64.54	10.13
6.	Office Equipments	2,677.90	694.75	52.91	3,319.74	2,102.14	37.09	359.49	2,424.54	895.20
7.	Air Conditioning Plant	285.94	27.85	4.09	309.70	181.01	1.31	17.92	197.62	112.08
8.	Sundry Equipments	314.70	7.97	0.48	322.19	134.10	0.15	25.96	159.91	162.28
9.	Furniture and Fixtures	411.74	64.59	9.13	467.20	336.20	3.65	20.87	353.42	113.78
10.	Vehicles	447.56	1,093.43	19.96	1,521.03	212.09	13.08	216.61	415.62	1,105.41
11.	Site Office Equipments	12.64	-	-	12.64	12.63	-	-	12.63	0.01
Total Tangible Assets (A)		**50,942.00**	**12,471.64**	**470.38**	**62,943.26**	**21,988.75**	**205.52**	**4,012.00**	**25,795.23**	**37,148.03**
Intangible Assets										
1.	Goodwill on Acquisition	-	3,253.51	-	3,253.51	-	-	-	-	3,253.51
2.	Intellactual Property Rights	-	2,071.26	-	2,071.26	-	-	51.80	51.80	2,019.46
3.	Patents	-	0.35	-	0.35	0.17	-	0.04	0.21	0.14
Total Intangible Assets (B)		**-**	**5,325.12**	**-**	**5,325.12**	**0.17**	**-**	**51.84**	**52.01**	**5,273.11**
Total Assets (A) + (B)		**50,942.00**	**17,796.76**	**470.38**	**68,268.38**	**21,988.92**	**205.52**	**4,063.84**	**25,847.24**	**42,421.14**
Stock of Construction Materials,Buildings under Construction Capital Work-in-Progress and Capital Goods-in-Transist (At Cost)		-			1,077.04					1,077.04
		50,942.00			69,345.42					43,498.18

Notes : (1) Figures have been regrouped and recast wherever necessary

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

			As at 31st March, 2011
SCHEDULE - 6			
INVESTMENTS			
A.	LONG TERM INVESTMENTS		
1.	**Share of Associates**		
	Cost of Investment	284.46	
	Less : Share of Post Acquisition Profit (Net of Accumulated Losses)	3.29	
			281.17
2.	**Others**		
	a. Quoted		
	(i) Trade Investment - Shares		-
	(ii) Non-Trade Investment - Shares		50.24
	b. Unquoted		
	(i) Trade Investment - Shares		-
	(ii) Non-Trade Investment - Shares		45.14
B.	**CURRENT INVESTMENTS**		
	Investment in Mutual Funds		62.41
			438.96

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill up the details in the form attached (refer page 107 of the Annual Report) and register the same with M/s. Link Intime India Pvt. Ltd., Baroda. **Postage for sending the form will be borne by the Company.**

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in Lacs)

				As at 31st March, 2011
SCHEDULE - 7				
CURRENT ASSETS, LOANS AND ADVANCES				
(A)	**Current Assets :**			
(I)	Stock of Stores, Loose Tools, Dies, Mechanical, Electrical and Electronic Spares (as taken, valued and certified by the Management) at lower of cost or net realisable value			1,668.61
(II)	Stock-in-Trade (as taken, valued and certified by the Management)			
	(i) Raw Materials (at lower of cost or net realisable value)			12,063.67
	(ii) Semi-Finished Goods (at lower of cost or net realisable value)			18,293.29
	(iii) Finished Goods (at lower of cost or net realisable value)			5,933.10
	(iv) Goods-in-Transit (at Cost)			622.77
(III)	Sundry Debtors (Unsecured, Considered Good) :			72,487.21
	Considered Doubtful	6.91		
	Less : Provision for Considered Doubtful	(6.91)		-
(IV)	Cash and Bank Balances :			
	(a) Cash on Hand			3.35
	(b) Balance with Scheduled Banks:			
	(1) In Current Account			1,730.28
	(2) Bank Deposit			978.73
	(3) Unpaid Dividend Bank Account			70.23
(B)	**Loans and Advances (Unsecured Considered Good) :**			
(1)	Loans to Staff			8.14
(2)	Advances recoverable in Cash or Kind for value to be received			5,790.03
(3)	Balance with Collector of Custom, Port Trust, Excise etc.			756.48
(4)	Advance Payment of Income Tax (Net of Provisions)			179.27
				120,585.16

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
(A)	**Current Liabilities :**	
	* Sundry Creditors	40,740.19
	Advance from Customers	11,980.03
	Dividend Warrants issued but not encashed (Unpaid)	70.23
	Unclaimed Deposit and Interest	0.17
	Interest accrued but not due	302.79
		53,093.41
(B)	**Provisions**	
	Provision for Gratuity	516.20
	Provision for Leave Salary	11.16
	Pension Liability	3,424.25
	Other provisions	371.23
	Proposed Dividend	1,671.51
	Dividend Tax on Proposed Dividend	277.38
		59,365.14

* Includes an amount of ₹ 3,401.55 Lacs on account of Acceptance

SCHEDULE - 9	
MISC. EXPENDITURE	
(To the extent not written off)	
Balance as per Last Year	287.86
Add : Incurred during the year	176.57
	464.43
Less : Written off during the year	101.16
	363.27

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 10		
SALES		
	Material Handling Equipments	57,546.08
	Gear Sales	59,693.15
	WTG Sales & Electricity Generation	721.12
	Machinery and Spares	3,062.96
	Free Wheels, Shrink Disc, Innerring/ Outerring	70.28
	Miscellaneous Sales	840.39
		121,933.98
SCHEDULE - 11		
OTHER INCOME		
	Dividend Income	3.30
*	Interest Income	282.68
	Profit on Sale of Assets (Net of Losses)	36.13
	Profit on Sale of Investments (Net of Losses)	2,069.65
	Excess/Short Provision of Earlier Year Written Back	10.31
**	Miscellaneous Income	452.44
		2,854.51

* Includes an amount of ₹ 0.12 Lacs of TDS
** Includes ₹ 63.00 Lacs as Insurance claim received

SCHEDULE - 12		
CONSUMPTION OF MATERIALS, SUB-CONTRACTS, ERECTION AND OTHER CHARGES		
	Raw Materials Consumed	76,983.78
	Stores, Tools and Spares Consumption	1,825.97
	Sub-Contracts	6,408.40
	Erection and other charges	1,540.55
	Other manufacturing expenses	1,162.60
***	Technical Know how and Design Fees	211.13
		88,132.43

*** Includes ₹ 101.16 Lacs as Written off for Misc. Expenditure

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 13	
EMPLOYEES' REMUNERATION AND BENEFITS	
Salaries and Wages (Incl. Managerial Remun.)	6,418.39
Contribution to Provident Fund	229.55
Employees' Welfare Expenses	801.41
Employees' Retirement Benefits	341.09
	7,790.44
SCHEDULE - 14	
ADMINISTRATIVE, SELLING AND GENERAL EXPENSES	
Rent	168.82
Computer Software Charges	393.81
Rates & Taxes	273.77
Excise Duty (excluding duty recovered from Customers)	178.39
Repairs and Maintenance :	
Buildings	284.16
Machineries	763.22
Others	159.72
Insurance (net of recoveries)	124.61
Travelling Expenses	481.21
Bank Charges	1,064.05
Directors' Fees	7.66
Packing, Forwarding & Distribution Expenses (Net of Recoveries)	1,358.33
Commission & Brokerage	6,322.47
Rectification Expenses	102.87
Bad Debts Written Off	646.98
Liquidated Damages	1,137.63
Advertisements & Sales Promotion Expenses	345.90
Payment to Auditors	43.28
Donations	241.89
Lease Rentals	261.48
Royalty Paid	75.02
Technical Inspection Consultancy Fees	1.06
Other Professional Consultancy Fees	1,250.29
General Administrative Charges	803.62
Provision for warranty	32.20
Misc. Labour charges	23.23
Loss on account of Exchange Variation	189.84
Sundry debit balance written off	0.46
	16,735.97

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	(₹ in Lacs) As at 31st March, 2011
SCHEDULE - 15	
INTEREST	
On Fixed Period Loans	1,570.19
On Working Capital	3,049.74
On Others	234.69
	4,854.62
SCHEDULE - 16	
INCREASE/DECREASE IN STOCK	
Opening Stock :	
Semi-finished Goods (WIP)	19,396.51
Finished Goods	1,632.52
	21,029.03
Closing Stock :	
Semi-finished Goods (WIP)	18,293.29
Finished Goods	5,933.10
	24,226.39
(Increase)/Decrease in Stock	(3,197.36)

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2011.

SCHEDULE – 17

NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

Significant accounting policies adopted in the preparation and presentation of the accounts are as under:

a) Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP'] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the periods, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the periods in which the results are known.

b) Principles of Consolidation

The Consolidated Financial Statements include the Financial Statements of Elecon Engineering Company Limited ('the Company'), its subsidiaries, joint ventures and associate companies as described in Note No. 2 of Schedule-17 (collectively referred to as 'the Group').

The Consolidated Financial Statements have been prepared on the basis of Accounting Standard 21, 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.

The financial statements of the Parent Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resultant unrealized profits/ losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the Subsidiaries. The excess or deficit of parent's portion of equity in the Subsidiary Company over its cost of investment, if any, is treated as a capital reserve or recognized as goodwill respectively. The Goodwill on consolidation is evaluated for impairment annually, unless it indicates a more frequent evaluation.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except where it is not practicable to do so. Considering that the financial statements of the foreign subsidiaries have been prepared under the laws and regulations applicable to their respective country of incorporation, these Consolidated Financial Statements have been prepared substantially in the same format adopted by the Company to the extent possible, as required by the Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the period. Exchange gains/losses arising on conversion are recognized under Foreign Currency Translation Reserve.

Investment in associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, are accounted for using 'Equity Method' as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.

The Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account, to the extent such change is attributable to the associates' profit and loss account and through its reserves for the balance based on available information.

The difference between the cost of investment in the associates and the Company's share of net assets at the time of acquisition of share in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" notified by Companies (Accounting Standards) Rules, 2006.

c) **Fixed Assets**

Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and attributable cost of bringing the Assets to its working condition for its intended use, but excludes CENVAT / Service Tax / VAT credit availed.

d) **Borrowing Cost**

Financing costs relating to deferred credits or borrowed funds attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition of fixed assets are included in the cost of the assets to which they relate.

e) **Depreciation and Amortisation**

Indian Companies

Plant & Machineries are depreciated on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

In respect of all other Fixed Assets, depreciation is provided on Written Down Value Method, at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation is provided on pro-rata basis:

i) From the date of addition, in case of additions during the year to the Fixed Assets; and
ii) Up to the date of disposal, in case of disposals during the year, of the Fixed Assets.

Foreign Companies

Depreciation and amortisation has been provided by the Foreign Companies on methods and at the rates required / permissible by the local laws so as to write-off assets over their useful life.

f) **Inventories**

Materials and other supplies are usually held for use in the production of finished goods. These are not written down below cost if the finished goods in which they will be consumed are expected to be sold at or above cost.

Inventories are valued at lower of cost or estimated net realizable value. The cost of inventories is arrived at on the following basis:

Raw Materials and Stores	:	Weighted Average Cost / First in – First out basis
Stock-in-Process	:	Raw Materials at Weighted Average Cost & absorption of Labour and Overheads
Finished Goods	:	Raw Materials at Weighted Average Cost & absorption of Labour and Overheads

g) **Investments**

Investments are generally of Long Term nature and are stated at cost unless there is other than temporary diminution in their value as at the date of Balance Sheet.

h) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by the future event not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognized in the financial statements.

i) **Revenue recognition**

i) Sale of goods is generally recognized on dispatch to customers and is shown net of recoveries.

ii) Income on turnkey contracts is accounted on the basis of billings made on customers against mutually agreed billing schedules.

Advances received from customers in respect of contracts, which are not in relation to work performed thereon, are shown as "Advance from Customers".

Amounts retained by customers until satisfaction of conditions specified in the contract for release of such amounts are reflected as Sundry debtors.

Credits are taken for claims in respect of cost escalation and extra work as and when and to the extent admitted by customers.

Provision is made in full for claims or penalties payable arising out of delays in completion or from any other causes as and when admitted.

iii) Interest revenues are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Dividend from investments in Shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

v) Consistent with past practice, export incentives are accounted for as and when the claims thereof have been admitted by the authorities.

j) Foreign Currency Transactions

i) Transactions in foreign currencies are generally recorded by applying to the foreign currency amount, the exchange rate existing at the time of the transaction. However, where Forward Exchange Contracts are entered into, the forward rates specified in the related Forward Exchange Contracts have been used as the basis of measuring and recording the transactions.

ii) Gains or losses on settlement, in a subsequent period of transactions entered into in an earlier period are credited or charged to the Profit and Loss Account.

iii) Revenue items of non-integral foreign operations are consolidated at the average rate prevailing during the period. All assets and liabilities of non-integral foreign operations are converted at the rates prevailing at the end of the period. Exchange gains/losses arising on conversion are recognized under Foreign Currency Translation Reserve.

k) Miscellaneous Expenditure

Expenditures like Technical Know How, which are having the benefits of enduring nature, are treated as miscellaneous expenditure and are being written off over a period as may be decided by the management.

l) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which the asset is identified as impaired. The impairment loss recognized in prior periods is reversed if there has been a change in the estimate of recoverable amount. The Goodwill is evaluated for impairment annually, unless it indicates a more frequent evaluation.

2. Description of the Group

The following Subsidiary Companies, Joint Ventures and Associate Companies are considered in the Consolidated Financial Statements:

	Name of the Company	Country of Incorporation	% of Holding either directly/ indirectly or through subsidiary as at 31st March 2011
A.	Subsidiary Companies		
	Elecon Transmission International Limited	Mauritius	100
B.	Step down Subsidiary Companies		
	David Brown Systems Sweden AB	Sweden	100
	Radicon Transmission UK Limited	United Kingdom	100
	AB Benzlers	Sweden	100
	Elecon USA Transmission Limited	USA	100
	Benzlers Transmission A.S.	Denmark	100
	Benzlers Antriebstechnik GmbH	Germany	100
	Benzlers TBA B.V.	Netherlands	100
	Benzlers Antriebstechnik Gesmbh	Austria	100
	OY Benzlers AB	Finland	100
	Benzlers Malaysia	Malaysia	100

C. Joint Ventures

Eimco Elecon (India) Limited	India	16.62
Ringspann Elecon (I) Limited	India	24.99

D. Associate Companies

Elecon Singapore Pte. Limited	Singapore	49.99
Elecon Middle East FZCO	UAE	50.00
Elecon Eng. (Suzhou) Co. Limited	China	50.00
Elecon Africa Pty. Limited	South Africa	50.00
Elecon Australia Pty. Limited	Australia	50.00
DRA (India) Limited	India	25.00
Elecon Windfarm Developers (Motagunda - Vinzalpur) Limited	India	25.50

3. Contingent Liabilities of the Company and its Subsidiaries :
   a) Disputed Excise Duty ₹ 269.38 Lacs, against demand notices received so far.
   b) Disputed Sales Tax/ Works Contract Tax ₹ 347.55 Lacs.
   c) In respect of disputed Income Tax demands:
      (i) Disputed by Company ₹ 1,079.65 Lacs.
      (ii) Disputed by Income Tax Authorities ₹ 22.47 lacs.
   d) Guarantees issued by the Company's Bankers ₹ 45,146.24 Lacs.
   e) Liability for export obligation under Export Promotion Credit Guarantee ₹ 11,544.10 Lacs.
   f) Sales Bills discounted under LC with Banks ₹ 3,713.74 Lacs.
   g) Corporate Guarantees given on account of advance received from customers ₹ 257.06 Lacs and on account of performance ₹ 357.74 Lacs.
   h) Unascertained amount in respect of a suit filed against the company by a foreign collaborator for royalty and other allied matters.
   i) NexGen Energy Partners, LLC of USA has filed a case bearing no. 2011 CV 0066, against Reflecting Blue Technologies (RBT) of USA and the Company, in the court of Ohio, USA on account of non performing of Wind Mill supplied through Reflecting Blue Technologies (RBT). The Company is in the process of filing the reply suitably in consultation with the lawyer. Since the matter is in preliminary stage, amount of claim is unascertainable.

4. The Parent Company has provided Corporate Guarantee to Swedish Pension Authority to the tune of SEK 15.00 Million (₹ 1,057.73 Lacs) as a security, in replacement of earlier guarantee given by erstwhile owner, for the purchase of pension insurances relating to the pension commitments on behalf of AB Benzlers Sweden, a step-down subsidiary of Elecon Transmission International Limited, Mauritius, a Wholly-owned Subsidiary of the Company.

5. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 11,897.12 Lacs.

6. The share in contingent liabilities and capital commitments in relation to its interests in joint ventures is as follows :

Contingent Liabilities	(₹ in Lacs)
Guarantees given by the bankers on behalf of the Company	306.08
Letters of Credit outstanding	41.42
Dispute demands of Income tax / Sales tax / Excise duty	261.65

7. During the year the Company has acquired / incorporated the following subsidiaries (including step-down subsidiaries) :
   A. Subsidiaries
      a) Elecon Transmission International Limited, Mauritius
   B. Step-down subsidiaries
      a) David Brown Systems Sweden AB, Sweden
      b) Radicon Transmission UK Limited, U.K.
      c) AB Benzlers, Sweden
      d) Elecon USA Transmission Limited, USA
      e) Benzlers Transmission A.S., Denmark
      f) Benzlers Antriebstechnik GmbH, Germany
      g) Benzlers TBA B.V., Netherlands
      h) Benzlers Antriebstechnik Gesmbh, Austria
      i) OY Benzlers AB, Finland
      j) Benzlers Malaysia, Malaysia

The effect of the acquisition of subsidiaries on the financial position of the Group as at 31st March 2011 and the results for the period then ended are set as below:

Particulars	(₹ in Lacs)
Impact on consolidation	
Total Assets	23,482.29
Total Liabilities	20,222.96
Turnover	7,963.80
Net Profit / (Loss) After Tax	(445.21)

8. The Group's share in respect of the assets, liabilities, reserves, income and expenses, related to the joint ventures, incorporated in the Consolidated Financial Statements are :-

				(₹ In Lacs) 2010-11
I.	Assets	1.	Fixed Assets	469.72
		2.	Investments	104.04
		3.	Current Assets, loans and advances	-
			a) Inventory	1,227.81
			b) Sundry Debtors	844.35
			c) Cash and Bank balances	73.05
			d) Loans and Advances	200.77
II.	Liabilities	1.	Current Liabilities	430.91
		2.	Deferred Tax	33.08
III.	Reserves			2,346.96
IV.	Income	1.	Sales	3,133.30
		2.	Other Income	45.92
V.	Expenses	1.	Raw Materials consumed and manufacturing expenses	1,911.24
		2.	Employee Cost	181.09
		3.	Selling and administrative expenses	680.85
		4.	Interest	3.95
		5.	Depreciation	105.70
		6.	Tax expense	110.36

9. **Information about Business Segment**

	(₹ in Lacs) 2010-11
SEGMENT REVENUE	
Material Handling Equipment	67,457.47
Transmission Equipment	60,427.81
Others	3,214.79
Total	1,31,100.07
Less: Inter Segment Revenue	2,338.66
Net Sales/Income from Operations	1,28,761.41
SEGMENT PROFIT/(LOSS) BEFORE TAX & INTEREST	
Material Handling Equipment	8,924.49
Transmission Equipment	8,265.80
Others	300.35
Total	17,490.64
Less:	
a) Interest	4,854.62
b) Unallocated Corporate Expenses (Net of Unallocable Income)	335.86
Total Profit before Tax	12,300.16
CAPITAL EMPLOYED	
1. a) Segment wise Assets	
Material Handling Equipment	90,478.26
Transmission Equipment	76,227.70
Others	2,901.18
b) Unallocated Assets	-

2.	a)	Segment wise Liabilities	
		Material Handling Equipment	41,477.90
		Transmission Equipment	17,456.33
		Others	430.91
	b)	Unallocated Liabilities	-
3.	a)	Segment wise Capital Employed	
		Material Handling Equipment	49,000.36
		Transmission Equipment	58,771.37
		Others	2,470.27
	b)	Unallocated Capital Employed	-
		Total Capital Employed	1,10,242.00

Notes

a. Since, the figures of Alternate Energy Division (AED) are not reportable segment, as per the requirements of AS – 17, they are not shown separately.

b. The Company has disclosed Business Segment as primary segment.

c. Segments have been identified and reported taking into account the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.

d. The Segment Revenue, Results, Assets and Liability include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

e. Inter Segment Transfer Pricing Policy – the Gear supplied to Material Handling Equipment Division is based on cost.

Information about Geographical Segment

Particulars	**India**	**Europe**	**ROW**	**Total**
Revenue	115,308.57	6,255.83	7,197.02	128,761.41
Carrying amounts of Segment Assets	1,52,851.25	12,726.43	4,392.73	1,69,970.41
Capital Expenditure	7,097.81	10,698.95	-	17,796.76

10. Disclosures for operating leases under Accounting Standard 19 – "Accounting for Leases"

The Company has entered into agreements for taking on leave and license basis residential / office premises including furniture and fittings therein, as applicable, for a period ranging from 11 to 60 months. The specified disclosure in respect of these agreements is given below:

(₹ in Lacs)

Particulars			2010-11
1.	Lease payments recognized in the profit and Loss account for the year		898.67
2.	Minimum lease payments under the agreements are as follows.		
	a)	Not later than one year	2,967.14
	b)	Later than one year but not later than 5 Year	2,312.65
	c)	Later than five year	-

11. Deferred Taxation

Deferred Tax Assets and Liabilities are recognized as per Accounting Standard AS-22 on Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

During the year 2010-11, the Deferred Tax Assets and Liabilities comprise of tax effect of following timing differences:

(₹ in Lacs)

	2010 – 2011	
	Def. Tax Liability	**Def. Tax Assets**
In respect of difference between book & Tax W. D. V.	4,200.73	--
In respect of disallowance under the Income Tax Act.	---	280.51
	4,200.73	280.51
Net Deferred Tax Liability	3,920.22	

12. **Basic and Diluted Earning per share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earning per Share".**

		2010-2011
A)	Net Profit for Basic Earnings Per Share as per P & L A/c.	
	- Before Extra Ordinary Items (₹ In Lacs)	8,995.79
	- After Extra Ordinary Items (₹ In Lacs)	8,995.79
	Adjustments for the purpose of Diluted EPS	
	- Interest on FCCB (Net of Tax)	-
	Net Profit for Diluted Earnings Per Share	
	- Before Extra Ordinary Items (₹ In Lacs)	8,995.79
	- After Extra Ordinary Items (₹ In Lacs)	8,995.79
B)	Weighted average number of Equity Shares :	
	- No. of Shares at the beginning of the year	9,28,61,510
	• Weighted average Shares for:	
	- Basic Earnings Per Share	9,28,61,510
	- Diluted Earnings Per Share	9,28,61,510
C)	Earning Per Share	
	• Before Extra Ordinary Item	
	- Basic (₹)	9.69
	- Diluted (₹)	9.69
	• After Extra Ordinary Item	
	- Basic (₹)	9.69
	- Diluted (₹)	9.69
D)	Face Value Per Share (₹)	2.00

13. Retirement benefits -

Retirement benefits to employees are being provided for by way of payments to Gratuity and Provident Funds.

i) The Gratuity liability & liability in respect of Leave Encashment is determined based on the Actuarial Valuation done by Actuary as at Balance Sheet date in context of the Revised AS-15 issued by the ICAI, as follows:-

(₹ in Lacs)

PARTICULARS	Gratuity Funded	Leave Encashment	Pension Liability
Expense recognized in the Statement of Profit & Loss for the year ended March 31, 2011			
Current Service Cost	61.72	36.30	21.26
Interest Cost	83.06	12.01	10.63
Employer Contribution	-	-	62.38
Expected Return on Plan Assets	(49.19)	-	-
Net Actuarial (Gains) / Losses	(3.86)	17.15	-
Past Service Cost	-	-	-
Settlement Cost	-	-	-
Total Expenses	***91.73***	***65.45***	***94.27***
Net Asset / (Liability) recognized in the Balance Sheet as at March 31, 2011			
Present value of Defined Benefit Obligation as at March 31, 2011	1107.00	171.15	3,424.25
Fair value of plan assets as at March 31, 2011	590.80	-	-
Funded status [Surplus / (Deficit)]	(516.20)	-	-
Net asset / (liability) as at March 31, 2011	**(516.20)**	**171.15**	**3,424.25**

Change in Obligation during the Year ended March 31, 2011			
Present value of Defined Benefit Obligation at beginning of the year	1047.43	151.39	2,722.02
Current Service Cost	61.72	36.30	21.26
Interest Cost	83.06	12.01	10.63
Settlement Cost	-	-	607.96
Past Service Cost	-	-	-
Employer Contributions	-	-	62.38
Acturial (Gains) / Losses	(8.45)	17.15	-
Benefits Payments	(76.76)	(45.69)	-
Present value of Defined Benefit Obligation at the end of the year	1107.00	171.15	3,424.25
Change in Assets during the Year ended March 31, 2011			
Plan assets at the beginning of the year	472.86	-	-
Assets acquired in amalgamation in previous year	-	-	-
Settlements	-	-	-
Expected return on plan assets	49.19	-	-
Contributions by Employer	150.10	-	-
Actual benefits paid	(76.76)	-	-
Actuarial (Gains) / Losses	(4.59)	-	-
Plan assets at the end of the year	590.80	-	-
Actuarial Assumptions:			
Discount Rate	7.93%	-	5%
Expected rate of return on plan assets	9.25%	-	-
Mortality pre retirement	-	-	-
Turnover rate	3% TO 1%	-	-
Rate of escalation in salary (p.a.)	4.50%	-	3%

a. The rate of escalation in Salary (p.a.) considered in actuarial valuation is worked out after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Mortality rates are obtained from the relevant data of Life Insurance Corporation of India.

b. The liability for the gratuity ₹ 516.20 Lacs (Previous Year ₹ 574.57 Lacs.) as shown in the balance sheet is after adjusting the Fair value of plan assets (Invested with LIC/SBI) as at March 31, 2011 of ₹ 590.80 Lacs (Previous Year ₹ 472.86 Lacs.)

c. The liability for pension pertains to foreign subsidiaries, as accounted by them in their financial statements.

ii) Liability in respect of Superannuation benefits extended to eligible employees is contributed by the company to Life Insurance Corporation of India against a Master Policy @ 15% of the basic Salary of all the eligible employees. The Company is providing for the outstanding Liability amount allocable to the broken period beyond the balance sheet date.

iii) Liability in respect of Provident Fund is provided for on actual contribution basis.

14. Related party disclosure

Related Party disclosure as required by AS-18, are given below:

(i) Relationship:

a) Associate Companies

- DRA (India) Limited
- Elecon Africa Pty. Limited
- Elecon Australia Pty. Limited
- Elecon Singapore Pte. Limited
- Elecon Middle East FZCO
- Elecon Engineering (Suzhou) Co. Ltd., China
- Elecon Windfarm Developers Limited (Motagunda-Vinjalpur)

b) Individual having control/ significant influence

- Shri Prayasvin B. Patel

c) Collaborators

- Ringspann GMBH
- Sandvik Mining & Const. S.E.A. Pte. Ltd.

d) Key management Personnel
- Shri Prayasvin B. Patel
- Shri A. M. Deshpande

e) Enterprises over which (b) or (d) above have significant influence
- Bipra Investments & Trusts Private Limited
- Devkishan Investment Private Limited
- K. B. Investments Private Limited
- Elecon Information Technology Limited
- Emtici Engineering Limited
- Prayas Engineering Ltd.
- Speciality Wood Pack Private Limited
- Power Build Limited
- Kirloskar Power Build Gears Limited
- Akaaish Mechatronics Limited
- Madhuban Prayas Resorts Limited
- Narmada Travels Limited
- Wizard Fincap Limited
- Eimco Elecon Electricals Ltd.

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

Sr. No.	Nature of Transaction	(a)	(c)	(e)
		2010-2011	2010 - 2011	2010 2011
1.	Purchase of Material/fin. Goods	-	27.20	10,159.63
2.	Job work Income from other Co.	-	-	72.72
3.	Job work Expenses to other Co.	-	-	4,103.70
4.	Sale of Fin. Goods/ Consumable Stores	103.94	-	1,897.97
5.	Purchase of Fixed Assets	-	-	231.44
6.	Sale of Fixed Assets	-	-	3.12
7.	Expenses Charged to other Co.	8.64	-	362.30
8.	Exp. Charged by other Co.	-	-	1,362.74
9.	Sales Commission	446.67	-	5,359.04
10.	Commission earned	-	0.45	-
11.	Royalty Paid	-	1.96	-
12.	Subscription to Share Capital	1.27	-	-
13.	Application for Share Capital	55.00	-	-
14.	Others	212.43	-	39.67

Sr. No.	Nature of Transaction	Transaction with (b) & (d)
		2010 - 2011
1.	Remuneration	446.68

Financial Information of Subsidiary Companies (₹ in Lacs)

Name of the Subsidiary Company	Currency	Paid up Capital	Reserves & Surplus	Total Assets	Total Liability	Investments (excluding investments in subsidiaries)	Turnover	Profit/ (Loss) Before Tax	Provision for Taxation	Profit/ (Loss) After Tax	Proposed Dividend
Elecon Transmission International Limited	GBP	0.72	(682.02)	7,684.66	12,476.08	-	-	(682.02)	-	(682.02)	-
David Brown Systems Sweden Limited	SEK	7.05	3,652.91	5.95	2,076.01	-	-	(38.93)	0.00	(38.93)	-
Radicon Transmission UK Limited	GBP	0.72	1,606.44	8,602.42	7,351.61	-	2,804.00	76.08	14.33	61.75	-
AB Benzlers	SEK	916.70	2,525.77	8,131.50	5,662.75	-	4,200.25	64.97	-	64.97	-
Elecon USA Transmission Limited	USD	222.94	20.98	2,080.52	1,836.61	-	1,276.54	33.84	12.86	20.98	-
Benzler Transmission A.S.	DKK	127.00	16.46	233.07	89.62	-	175.66	(10.48)	(2.57)	(7.90)	-
Benzler Antriebstechnik Gmbh	EURO	64.83	137.50	327.58	125.25	-	420.88	60.37	18.70	41.67	-
Benzler TBA B.V.	EURO	129.52	576.98	994.70	288.20	-	912.26	9.47	(2.52)	11.99	-
Benzler Antriebstechnik Gesmbh	EURO	0.00	3.85	8.77	-	-	-	0.13	-	0.13	-
OY Benzler AB	EURO	95.96	51.19	232.78	85.62	-	234.06	19.07	5.16	13.91	-
Benzlers Malaysia	MYR	60.96	0.00	63.82	2.86	-	-	-	-	-	-

As on 31.03.2011: 1 GBP = 71.67 INR, 1 SEK = 7.05 INR, 1 USD = 44.59 INR, 1 DKK = 8.47 INR, 1 EURO = 63.40 INR, 1 MYR = 14.74 INR.

16. In line with the transitional provisions, stated in paragraph 30 of the Accounting Standard (AS) 21 'Consolidated Financial Statements', this being the first occasion that Consolidated Financial Statements are presented, the comparative figures for the Previous Year have not been presented.

17. Schedules 1 to 17 form an integral part of Consolidated Balance Sheet and Profit & Loss Account.

Signature to Notes on Balance Sheet and Profit & Loss Account and Schedules 1 to 17.

As per our report of even date attached

For, THACKER BUTALA DESAI
Chartered Accountants

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

M. T. Desai
Partner
M. No. 030911
Firm Regi. No. 110864W

Paresh M. Shukla
Company Secretary

Place : Navsari
Date : 28-05-2011

Place : Vallabh Vidyanagar
Date : 24-05-2011

BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 01082 State Code 04

Balance Sheet Date 31-03-2011
Date Month Year

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

Public Issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private placement	NIL

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

Total Liabilities	9660062	Total Assets	9660062

Sources of Funds

Paid-up Capital	185723	Reserve & Surplus	3760286
Secured Loans	3134510	Un secured Loans	2168898
Deferred Tax Liability	410645		

Application of Funds

Net Fixed Assets	3684504	Investments	363455
Net Current Assets	5577657	Misc. Expenditure	34447

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

Turnover	12056392	Total Expenditure	10849493
Profit/Loss Before Tax	+ 1206899	Profit/Loss After Tax	+ 879212

(Please tick Appropriate box + for Profit – for Loss)

Earning per Share in ₹	9.47	Dividend Rate %	+ 90%

(Basic after extraordinary item)

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

Item Code No.	Product Description
843139.01	ELEVATORS, CONVEYORS & MOVING MACHINERY (Conveying Equipments)
842299.00	GEARS (Reduction Gears)
847420.02	CRUSHERS (Crushers, Screens, Feeders)

For and on behalf of the Board of Directors

P. B. Patel
Chairman and Managing Director

H. S. Parikh
Director

Paresh M. Shukla
Company Secretary

Place : Vallabh Vidyanagar
Date : 24-05-2011

NOTICE

NOTICE IS HEREBY GIVEN THAT the 51st Annual General Meeting of members of Elecon Engineering Company Limited will be held at Audio Visual Hall, Near Gear Division of the Company, Anand-Sojitra Road, Vallabh Vidyanagar - 388 120 Gujarat on Monday, the 29th day of August, 2011 at 11.00 a. m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 Profit & Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Pradip M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Chirayu R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of the Companies Act, 1956 and other applicable provisions, M/s. Thacker Butala Desai, Chartered Accountants, (Firm Regn. No. 110864W) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company at such remuneration plus Service tax at the applicable rate, from time to time, plus traveling and out-of- pocket expenses incurred by them for the purpose of audit of the Company's accounts, exclusive of any remuneration, fees or charges payable to them for rendering any other services that may be rendered by them to the Company from time to time other than in the capacity of Auditors, as may be fixed by the Chairman and Managing Director of the Company."

SPECIAL BUSINESS

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), approval of members be and is hereby accorded for the re-appointment of Shri Prayasvin B. Patel as the Chairman & Managing Director of the Company for a period of three years with effect from 1st July, 2011 on the terms and conditions including terms of remuneration as set out in the explanatory statement attached hereto and forming part of this notice with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Shri Prayasvin B. Patel.

   RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 1956, wherein any financial year the Company has no profits or inadequate profit, Shri Prayasvin B. Patel will be paid minimum remuneration of ₹ 20,00,000/- (Rupees Twenty Lacs only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof.

   RESOLVED FURTHER THAT in the event of any statutory amendment or modification by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and are hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prayasvin B. Patel within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prayasvin B. Patel without any further reference to the Company in General Meeting.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

   "**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded to the appointment of Shri Prashant Amin as an Executive Director of the Company for a period of three years with effect from 1st June, 2011 on the terms and conditions including terms of remuneration as set out in the explanatory statement attached hereto and forming part of this notice with a liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Shri Prashant Amin.

   RESOLVED FURTHER THAT notwithstanding anything contained to the contrary in the Companies Act, 1956, wherein any financial year the Company has no profits

or inadequate profit, Shri Prashant Amin will be paid minimum remuneration ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances etc. payable to Shri Prashant Amin within such prescribed limit or ceiling and as agreed by and between the Company and Shri Prashant Amin without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this Resolution."

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

"**Resolved That** pursuant to the provisions of section 309 and all other applicable Provisions if any, of the Companies Act,1956 or any other law for time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), a sum not exceeding one percent per annum of the net profits of the Company, in aggregate calculated in accordance with the provisions of section 198, 349 and 350 of the Act, be paid to and distributed as commission, amongst the Directors of the Company or some or any of them(other than Managing Director and Whole time/Executive Director) in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors and such payments shall be made respect of the profits of the Company for each year for the period for five years commencing 1st April, 2011."

By order of Board of Directors

Registered office:
Anand Sojitra Road
Vallabh Vidyanagar – 388 120
Gujarat

Paresh M. Shukla
Company Secretary

Date : 24-05-2011

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member.
2. The instruments appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Information under clause 49 of the listing agreement(s) regarding re-appointment of Directors (Item No.3 & 4) are annexed hereto.
4. The Register of Members and Share Transfer books will remain closed from Monday, 1st August, 2011 to Friday, 5th August, 2011 (both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so as to enable the management to keep the information ready.
6. All documents referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of Company on all working days between 11.00 a.m. to 1.00 p.m. prior to date of Annual General Meeting.
7. Members are requested to bring their copy of Annual Report at the meeting. Spare copies will not be available.
8. Members who have not encashed their dividend warrants may approach the Company at its registered office for revalidating the warrants or for obtaining duplicate warrants.
9. The annual listing fees of all the stock exchanges where Company's shares are listed for the year 2011-2012 have been paid.
10. Members who hold the shares in dematerialised form are requested to bring their Client ID and DP ID for easier identification of attendance at the AGM.
11. Members holding the shares in physical mode are requested to notify immediately for change of their address and bank particulars to the Company or its Registrar and Share Transfer Agent.

    In case the shares are held in dematerialized form, then information should be furnished directly to their respective depository participant only.
12. Any request by share holders for change of bank particulars after dispatch of dividend warrant should be accompanied by copy of Client Master list showing the changed bank details.
13. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are desirous of availing this facility, may kindly write to Company's Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Nr. Radhakrishna Char Rasta, Akota, Vadodara - 390 020, for nomination form quoting their folio number.
14. The payment of dividend on equity shares as recommended by the Directors for the year ended 31st March, 2011 when declared at the meeting will be paid:
    (i) to those members whose names appear in the Register of Members of the Company on Friday, the 5th day of August, 2011.
    (ii) in respect of shares held in electronics form, to those "deemed members" whose names appear on the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on Friday, the 29th day of July, 2011. (30th and 31st being Saturday and Sunday)
15. Members are requested to notify change in address, if any, to the Company's Registrar and Share Transfer Agent at the address mentioned herein above in Note 13 quoting their folio number.
16. The Company has designated an exclusive email ID called pmshukla@mhe.elecon.com for Redressal of shareholders'/investors' complaints/grievances. Hence, please write to us at pmshukla@mhe.elecon.com.

By order of Board of Directors

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

Paresh M. Shukla
Company Secretary

Date : 24-05-2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Shri Prayasvin B. Patel has been acting as the Managing Director of the Company for the last 19 years. Earlier to this, he was working as Joint Managing Director of the Company. The members at the 46th Annual General Meeting of the Company held on 12th September, 2006 re-appointed Shri Prayasvin B. Patel as Chairman & Managing Director for a period of 5 years with effect from 1st July, 2006 on the terms and conditions as approved by them. The term of his present appointment will expire on 30 June, 2011.

The excellent growth and reputation enjoyed by the Company is attributable to the concerted efforts and hard work put in by Shri Prayasvin B. Patel.

The Remuneration Committee at its meeting held on 24th May, 2011 recommended and the Board at its meeting held on 24th May, 2011 have re-appointed him as a Chairman & Managing Director, subject to the approval of the members in the General Meeting, for a further period of three years with effect from 1st July, 2011 on the terms and conditions set out in the draft agreement to be entered into by the Company with him, copy of which is available for inspection to the Members at the Registered Office of the Company on working days except Sunday between 10 a.m. and 12 Noon till the date of Annual General Meeting. The brief particulars of his remuneration are as mentioned herein below:

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment: Three years with effect from 1st July, 2011.
3. Remuneration payable to Shri Prayasvin B. Patel when the Company earns adequate profits:

   (a) Salary : ₹ 20,00,000/- per month with effect from 1st July, 2011 with an annual increment of 20% over previous years' salary.

   (b) (i) Perquisites and allowances :

   In addition to salary, the Managing Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, reimbursement of actual expenditure on medical treatment for self and family in India or overseas including traveling expenses for the purpose, reimbursement of expenditure incurred on travel & stay abroad including that of accompanying person, Club fees, Leave Travel concession for self and family, Medical insurance and such other perquisites and allowances in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

   (ii) Contribution to Provident Fund will be made to the extent, this either singly or put together are not taxable under the Income-tax Act, 1961.

   (iii) Gratuity will be payable as per the rules of the Company applicable from time to time.

   (iv) Encashment of leave at the end of the tenure.

   (v) Superannuation upto ₹ 100,000/- p.a.

   (vi) Two Cars for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

   For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable.

   c) Commission :

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

4. Minimum Remuneration :

   The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial year during the currency of the tenure of the Managing Director, will be paid minimum remuneration of ₹ 20,00,000/- (Rupees Twenty

Lacs only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in this regard.

Apart from the above, the agreement contains further terms and conditions, the powers and duties, reimbursement of entertainment, travelling and all other expenses incurred by Shri Prayasvin B. Patel for the business of the Company, provision for earlier determination of the appointment by either party by giving three months notice in writing to the other party etc.

The re-appointment of Shri Prayasvin B. Patel on the terms & conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting.

The draft agreement between the Company and Shri Prayasvin B. Patel is available for inspection by the Members of the Company at its Registered Office between 10 a.m. And 12 noon on any working day of the Company till the date of Annual General Meeting.

The Board of Directors recommends passing of the resolution set out at item No. 6 of the Notice convening the Meeting.

Shri Prayasvin B. Patel may be deemed to be concerned or interested in the resolution. Shri Pradipbhai M. Patel may be deemed to be concerned or interested in the resolution relating to the re-appointment of Shri Prayasvin B. Patel, being his relatives.

None of the other Directors of the Company is in any way concerned or interested in the above resolution.

This along with the relevant resolution may be treated as an Abstract pursuant of Section 302 of the Companies Act, 1956.

Item No. 7

Shri Prashant Amin is a MBA (Finance) and having Master Degree in Engineering & Management. He has approximately 30 years of experience in various companies. He oversees the matters related to finance, legal, secretarial, information technology and information systems and taxation of the Company.

The Board of Directors felt that it is in the interest of the Company to continue to avail services of Shri Prashant Amin as an Executive Director.

On the recommendation of the Remuneration Committee of the Company, the Board at its meeting held on 24 May, 2011, have appointed Shri Prashant Amin as an Executive Director unanimously for a period of three years with effect from 1st June, 2011 subject to the approval of the shareholders in the General Meeting. The brief particulars of his remuneration are as mentioned herein below :

1. The Executive Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with certain powers of management (not being the substantial powers) and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of Appointment : Three years with effect from 1st June, 2011.
3. Remuneration payable to Shri Prashant C. Amin when the Company earns adequate profits:
   (a) Salary : ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) per month with effect from 1st June, 2011 with an annual increment at such rate as may be decided by the Board of Directors.

   Leave Travel Allowance : As per Income Tax Rules, Not exceeding ₹ 1,20,000 p.a. for self and family.

   Medical Allowance : ₹ 15,000 p.a. for Medical Allowance

   (b) (i) Perquisites and allowances :

   In addition to salary, the Executive Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, reimbursement of actual expenditure on medical treatment of major illness for self and family with the approval of the Board of Directors, Club fees, Leave Travel concession for self and family and such other perquisites and allowances in accordance with Rules of the Company, as may be determined by the Board of Directors, subject to the overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

   (ii) Contribution to Provident Fund will be made as per the Company's rules.

   (iii) Gratuity will be payable as per the rules of the Company applicable from time to time.

   (iv) Superannuation upto ₹ 100,000/- p.a.

   (v) Two Cars for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-tax Rules, wherever applicable.

c) Commission :

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

4. Minimum Remuneration :

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial year during the currency of the tenure of the Executive Director, will be paid minimum remuneration ₹ 16,56,000/- (Rupees Sixteen Lacs Fifty Six Thousand only) per month and all the perquisites and/or allowances stated in the Agreement subject to the compliance with the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in this regard.

Apart from the above, the agreement contains further terms and conditions, the powers and duties, reimbursement of other expenses incurred by Shri Prashant Amin for the business of the Company, provision for earlier determination of the appointment by either party by giving three months notice in writing to the other party etc.

The appointment of Shri Prashant Amin on the terms & conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting.

The Executive Director shall not be liable to retire by rotation and shall not be paid any sitting fees for attending any meeting of Board or Committees thereof.

The draft agreement between the Company and Shri Prashant Amin is available for inspection by the Members of the Company at its Registered Office between 10 a.m. And 12 noon on any working day of the Company till the date of Annual General Meeting.

The Board recommends the resolution as set out at item nos. 7 of the Notice for your approval.

Shri Prashant Amin is deemed to be interested in the said resolutions as they relate to his appointment.

None of the other Directors of the Company is in any way concerned or interested in the above resolution.

This along with the relevant resolution may be treated as an Abstract pursuant of Section 302 of the Companies Act, 1956.

Item No. 8

Taking into account the increase in the Company's activities and the consequent increase in the responsibilities of the Directors, it is proposed that in terms of section 309(4) of the Companies Act, the Directors (other than the Managing and Executive Director) be paid, for each of the five financial years of the Company commencing 1st April, 2011 remuneration by way of commission not exceeding one percent per annum of the net profits of the Company in aggregate computed with the provisions of the Act. This remuneration will be distributed amongst all or some of the said Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Managing Director and Executive Director are concerned or interested in the resolution to the extent of the commission that may be received by them.

By order of Board of Directors

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

Paresh M. Shukla
Company Secretary

Date : 24-05-2011

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	*Shri Prayasvin B. Patel*	*Shri Prashant C. Amin*	*Shri Pradip M. Patel*	*Shri Chirayu Amin*
Date of Birth	03-04-1958	09-08-1956	05-11-1947	04-12-1946
Date of Appointment	01-07-1983	29-07-2008	14-11-1977	29-06-1998
Expertise in specific Functional areas	Shri Prayasvin B. Patel has 35 years of experience in Engineering industry. He started his career as Sales Director of Prayas Casting Pvt. Ltd., Vallabh Vidyanagar. Thereafter, he joined Elecon Engineering Co. Ltd as Joint Managing Director on 1st July 1983. From 1st July 1993, he has taken over the responsibility of the Managing Director of the Company. On joining the organization, Shri Prayasvin Patel took charge of the entire responsibility of both the Gear and MHE divisions of the business. His keenness to improvise, hands on approach and his active participation has seen the Gear Division rise to become Asia's Largest manufacturer of Industrial Gears. He is also Managing Director of Eimco (Elecon) India Ltd.	Shri Prashant Amin has 30 years of experience in successfully founding various new ventures in different geographies and operating small enterprises with strong leadership and operational direction. His business acumen and 'hands on' approach has been the key to his success with companies he has founded and nurtured. A true entrepreneur and a visionary, Shri Prashant Amin has taken the responsibility of driving Elecon to new heights of growth and social responsibility since joining as Group Director in Oct 2006. He intends to bring the agility of small enterprise and successfully merge it with the legacy and culture of ELECON Group to make the group ready for the next stage of development and growth. His valuable contribution in the areas of Strategic planning, marketing, operations, business development and financial management has put Elecon on the path of fast growth and energised the Company to the core. His enthusiasm and zeal to achieve makes him a role model for the ELECON group. On completion of his MBA, Shri Prashant Amin spent 3 years as a Cost Estimator, at Sargent Industries, where he proved his financial acumen in manufacturing planning and pricing. He returned to India in 1983, to start his first venture, a container/packaging Company.	Associated with the Bearing Industry for over three decades. Joined ABC Bearing Ltd. on 7th September, 1973 Director in ABC Bearings Ltd. since 1st August, 1976 Managing Director of ABC Bearings Limited since 1st August, 1981	He has been appointed as Director of Alembic Limited on 20-8-1967. He was appointed as Managing Director in Alembic Limited in 1983. At present, he is Chairman-cum-Managing Director of Alembic Limited. During his tenure as Managing Director, the Company has been able to maintain the growth in sales despite very keen competition in pharmaceutical industry. Export sale, which has been identified as a major thrust area, shown sizable growth. In addition to this, a lot of restructuring has been done in respect of manpower planning and business strategy of introducing new products and concentrating on some selected brands for achieving sustainable competitive edge.

Name of Director	*Shri Prayasvin B. Patel*	*Shri Prashant C. Amin*	*Shri Pradip M. Patel*	*Shri Chirayu Amin*
		He founded Caltronics, a California, USA based Company specializing in printed circuit board manufacture and turnkey solutions for the high tech electronics industry. Under his leadership as the COO, Caltronics grew from a five people Company, to a forty people employer with annual revenues exceeding $10M		
Qualifications	B.E. (Mech.) M.B.A (U.S.A)	M.B.A. (Finance) (U.S.A.) & M.B.A. (Engineering & Management)	M.B.A. (U.S.A.)	M.B.A. (U.S.A.)
List of Public/Private Companies in which outside Directorship held as on 31st March, 2011	Eimco Elecon (I) Limited. Power Build Limited. Narmada Travels Ltd. Kirloskar Power Build Gears Ltd. Marck Biosciences Limited. Prayas Engineering Limited Elecon Information Technology Limited Akaaish Mechatronics Limited. Eimco Elecon Electricals Ltd. Madhuban Prayas Resorts Ltd. DRA (India) Limited. K.B. Investment Pvt. Ltd. Bipra Investment & Trusts Pvt. Ltd. Devkishan investment Pvt. Ltd. Jamko Consultants Pvt. Ltd.	Eimco Elecon (India) Limited Emtici Eng. Ltd. Power Build Limited Prayas Engineering Limited Ringspann Elecon (India) Ltd. Akaaish Mechatronics Limited Emtici Engineering Limited Elecon Information Technology Ltd.	ABC Bearing Limited Eimco Elecon (I) Ltd. Power Build Ltd. NSK-ABC Bearing Ltd. Manoway Investments Pvt. Ltd. Ziwani Properties Pvt. Ltd. Mipco Investments Pvt. Ltd. Maple Investments Co. Pvt. Ltd. Emsons Leasing Co. Pvt. Ltd. Taveta Properties Pvt. Ltd.	Alembic Limited Alembic Exports Limited Alembic Pharmaceuticals Limited Shreno Limited Nirayu Pvt. Ltd. Paushak Limited AGI Developers Limited United Phosphorus Limited Sierra Investments Limited Sierra Healthcare Limited Quick Flight Limited Panasonic Energy India Co. Ltd.
Chairman/Member of the Committees of the Public Companies on which he is a Director as on 31st March 2011		**Eimco Elecon (India) Limited** Audit Committee - Member Shareholder / Grievance Committee - Member Audit Committee - Chairman	**Eimco Elecon (India) Limited** Audit Committee - Member Remuneration Com. - Member **ABC Bearings Limited** Shareholders/Grievance Committee – Member	**Paushak Limited** Shareholders/Investor Committee Chairman

EP SERIES SPIRAL BEVEL CUM HELICAL GEAR BOX
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Ratio: 140 ..... 480 **Power:** 40 ..... 560 KW
Torque: 716250 Nm

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For crushing of coal, coke, moderately hard rock, ore, chalk, etc. for Coal based Power Stations

ROLLER SCREEN
Suitable for separating wet, sticky and clay raw material

CONVEYORS
Suitable for belt widths upto 2,400 mm. and capable of handling materials at the rate of 20,000 tph

BRIDGE TYPE SCRAPER RECLAIMER
For handling coal, lignite, limestone in a linear stockyard for Cement Industry

STACKER RECLAIMER
For stacking and reclaiming bulk materials like coal, iron ore, limestone, etc.

India's largest manufacturer of Industrial Gears & Material Handling Equipment with the widest range of products

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ELECON ENGINEERING COMPANY LIMITED Post Box # 6, Vallabh Vidyanagar, 388 120, Gujarat, India.
Gear Division: Tel.: +91(2692) 236469, 236513, 236516. **E-mail:** infogear@elecon.com **Fax:** +91(2692) 227020.
MHE Division: Tel.: +91(2692) 237016, 237017, 236521. **E-mail:** infomhe@elecon.com **Fax:** +91(2692) 227484.
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ELECON ENGINEERING COMPANY LIMITED

Anand-Sojitra Road,
Vallabh Vidyanagar – 388 120
Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166
Fax No. (02692) 236457, 236527
Website : www.elecon.com

Dear Shareholder,

RE : Electronic Credit of Dividendd

The Reserve Bank of India has introduced National Electronic Clearing Service (NECS) in banking system to bring in further efficiency and uniformity in electronic credit. NECS has wider coverage than ECS and has no limitations of location in India. NECS ensures quick credit and no rejections. NECS is operational for banks / bank branches leveraging on Core Banking Syastem (CBS), which provide more than ten digit bank account number to its customers.

As per our records, there is no mandate registered either with us or with your DP. To take advantage of the NECS facility and to enable us to route all your future dividend payments electronically, please return the NECS mandate form, given overleaf.

ADVANTAGES OF REGISTERING NECS MANDATE

- No limitations of location in India.
- Quick remittance of dividend.
- Avoid loss of dividend warrants in Postal transit.
- Avoid fraudulent encashment of dividend.
- Avoid revalidation of unencashed dividend warrants.
- Avoid transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF).

PLEASE HURRY UP & FILL IN THE FORM OVERLEAF AND ENSURE ELECTRONIC CREDIT.

Kindly return the completed mandate from given overleaf latest by 31st December, 2011.

Best Regards,
For, Elecon Engineering Company Limited

Paresh M. Shukla
Company Secretary

NOTE : For shares held in physical form, please submit this form to our Registrars and Share Transfer Agents viz., M/s. Link lntime India Pvt. Ltd. at the address mentioned overleaf and for shares held in demat form, please submit the form to your DP.

NECS MANDATE FORM

PLEASE FILL UP THIS FORM AND ARRANGE TO SEND IT TO :

The following address if shares are held in physical form	OR	To your DP if shares are held in demat form

To,

M/s. Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank
Near Radhakrishna Char Rasta,
Akota, Vadodara - 390 020.

1. Name of 1st Registered holder (in Block Letters) : .....

2. Folio No. / DPID & Client ID No. : .....

3. Name of the Bank : .....

4. Name of the Branch : .....

5. Account Number (As appearing on your Cheque Book) : .....

6. Account Type (Saving Bank A/c. Current A/c. or Cash Credit) with code :

S.B.	Current	Cash Credit

7. 9-Digit MICR Code Number of the Bank & Branch appearing on the MICR cheque issued by the Bank. :

(Please attach a photocopy of a cheque or cancelled cheque for verifying the accuracy of the MICR code Number)

8. *11-Digit IFSC Code :

(Optional - Can be obtained from your banker)

Signature of the First Registered Shareholder
(As per the specimen signature with the Company / DP)

Name : _____

Address : _____

_____

Phone No. : _____

Date : _____

Email Id : _____

* The Company, its Registrars and Bankers will make best endeavors to remit dividend through NECS. However, for non CBS branches of the banks, the IFSC Code will be utilized to remit the dividend either by National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS). The branch where you operate your bank account will assist you to provide the IFSC, a 11-digit code to enable the remittance through NEFT or RTGS.

Proxy Form
ELECON ENGINEERING COMPANY LIMITED

Registered Office : Anand Sojitra Road, Vallabh Vidyanagar 388 120, Gujarat, India

Folio No. _____ DP ID NO. _____ Client ID No. _____

No. of Shares held _____

I/We _____

_____ of member/members of the above

named Company hereby appoint Mr./Mrs. _____

of _____ or _____ failing

him/her, Mr./Mrs. _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at 51st Annual Meeting of the Company to be held on Monday, 29th day of August, 2011 at 11.00 a.m. or any adjournment thereof.

Address _____

_____

_____

Signature

affix
Re. 1
Revenue
Stamp

This form is to be used in favour of/against* the Resolution. Unless otherwise instructed, the proxy will act as he thinks fit.

* Please Strike out whichever is not desired.

Note : The proxy form duly signed across the Revenue Stamp of One Rupee should reach at the Company's Registered Office at least 48 hours before the date of the meeting.

ELECON ENGINEERING COMPANY LIMITED

Anand-Sojitra Road, Vallabh Vidyanagar – 388 120 Tal. & Dist. Anand, Gujarat.
Tel No. (02692) 227109, 230166, Fax No. (02692) 227020, Website : www.elecon.com

Dear Shareholder,

Sub: Green Initiative

Ministry of Corporate Affairs ("MCA") has launched a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. MCA has issued circular nos. 17/2011 dt. 21-04-2011 & 18/2011 dt. 29-04-2011 stating that the service of a notice / document by a Company to its shareholders can now be made through electronic mode. In view of the above, your Company proposes to henceforth send Annual Report (Audited Financial Statements, Directors' Report, Auditors' Report, etc.,) and all communications/documents such as the Notice of the Annual General Meeting, to the shareholders in Electronic Form to the email address registered with their Depository Participants.

In order to join the initiative and to receive the documents in electronic form, kindly comply with the following:

For Shareholders holding shares in Demat Form

In case you desire to receive the aforesaid documents in electronic mode, kindly update your e-mail ID in the Demat account by contacting your Depository Participant. E-mail updated in the demat account would be used to send documents through electronic mode. If you have already registered you e-mail ID earlier, please ignore this request.

TO BE SENT DIRECTLY TO DEPOSITORY PARTICIPANT

(i.e. Address where you have opened your Demat Account)

DP ID / Client ID : Name :

E-mail ID : Signature : _____ PAN :

For Shareholders holding shares in Physical form

In case you desire to receive the aforesaid documents in electronic mode in lieu of Physical mode, kindly update your e-mail ID with our Registrar and Share Transfer Agent, Link Intime India Private Limited by mailing your E-mail ID with the following details to vadodara@linkintime.co.in

TO BE SENT TO US BY USING BUSINESS REPLY ENVELOPE AS PRINTED ON REVERSE

Folio No. : Name :

E-mail ID : Signature : _____ PAN :

For registering your e-mail address with us, you are requested to forward us this page duly filed up along with self attested copy of your PAN Card in attached pre-paid Business Reply Envelope. You are not required to affix/pay any postage expense for dispatch of the said envelope to us.

Members who have not yet dematerialized their shares are requested to get their shares dematerialized at the earliest.

You may also send your consent in writing to our Registrar and Share Transfer Agents to the following address:

Link Intime India Private Ltd.,
Unit: **Elecon Engineering Company Ltd.,**
B- 102 and 103, Shangrila Complex, First Floor,
Opp. HDFC Bank, Near Radhakrishna Char Rasta,
Akota, Vadodara 390 020.

We at 'Elecon' appreciate the "Green Initiative" taken by MCA and trust you would help implementing the e-governance initiatives of the Government.

Thanking you,

Yours faithfully,
For Elecon Engineering Company Limited

Paresh Shukla
Company Secretary

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