

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2010-2011**



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs. Talati & Talati
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Anand

REGD. OFFICE & WORKS

Vallabh Vidyanagar
Gujarat - Pin 388 120

REGISTRAR & SHARE TRANSFER AGENTS

Mumbai Office

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078

Vadodara Office

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Tuesday, the 2nd August 2011 at 3.00 P.M. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat State to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. H. S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shreevardhan Sinha who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"Resolved that pursuant to Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, consent of the company be and is hereby accorded to the Board of Directors of the company for contributing to national, benevolent, charitable, public or general or other funds not directly relating to the business of the company or the welfare of its employees, of any amounts

the aggregate of which not exceeding in any financial year Rs.2 crores or 5% of the average net profits as determined in accordance with the provisions of the Section 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater."

7. 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 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 in respect of the profits of the Company for each year for the period for five years commencing 1st April, 2010".

By order of the Board of Directors

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

Date : 3rd May, 2011

Nilesh D. Shelat
Company Secretary

**NOTES :**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY/PROXIES FORM/S IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- B. The Register of members & Share transfer Books of the Company will be closed From 19-07-2011 to 2-08-2011 (both days inclusive)
- C. 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:
1. to those members whose names appears in the Register of Members of the Company on 19-07-2011;
 2. in respect of shares held in electronics form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL) at the end of business hours on 18-07-2011.
- D. The dividend on Equity Shares, if declared at the Meeting, will be credited/dispatched between 3-08-2011 and 7-08-2011.
- E. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- F. The members are requested to bring with them their copy of Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.
- G. As per Clause 5 of the Listing Agreement, the Company's Registrar & Transfer Agent, M/s. Link Intime India Pvt. Ltd. has issued two Reminders by Reg. Post to Shareholders whose share certificates remained unclaimed and lying with the company. The Registrar will issue third and final Reminder to those Shareholders whose certificates still remain unclaimed and thereafter those shares will be transferred to "Unclaimed Suspense Account."

By order of the Board of Directors

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

Nilesh D. Shelat
Company Secretary

Date : 3rd May, 2011

ANNEXURE TO THE NOTICE

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

ITEM NO.6

Section 293(1)(e) of the Companies Act, 1956 inter-alia provides that the Board of Directors of a public company shall not, except with the consent of the company in General Meeting contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, of any amount the aggregate of which not exceeding in any financial year Rs.50,000 or 5% of the average net profits as determined in accordance with provisions of the Section 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater.

Since the company is required to contribute and donate funds, from time to time, to such institutions the contribution whereof may exceed the ceiling limit of Rs.50,000 presently applicable to the company within the meaning of Section 293(1)(e) of the said Act, your consent is, therefore, being sought for empowering Board of Directors of the company to make donations in any financial year not exceeding Rs.2 crores or 5% of the average net profits of the three immediately preceding financial years, whichever is greater.

None of the Directors of the company is interested in this resolution.

ITEM NO.7

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 Act, the Directors (other than the Managing and Whole time Director) be paid, for each of the five financial years of the Company commencing 1st April, 2010 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 Whole time Director are concerned or interested in the resolution to the extent of the commission that may be received by them.

The Board recommends the resolution for approval by the members by way of a Special Resolution.

By order of the Board of Directors

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

Date : 3rd May, 2011

Nilesh D. Shelat
Company Secretary



DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 37th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2011.

1. FINANCIAL RESULTS

	31-03-2011	31-03-2010
	(Rs.)	(Rs.)
Profit before Depreciation, & Provision for Taxation	260,492,775	260,471,964
Less: Depreciation	63,636,045	69,478,422
PROFIT BEFORE TAX	196,856,730	190,993,542
Less : Provision for Taxation	62,903,516	62,968,049
PROFIT AFTER TAX	133,953,214	128,025,493
Add : Balance brought forward from last year	33,045,674	31,926,236
	166,998,888	159,951,729
APPROPRIATED AS		
Proposed Dividend	23,073,540	23,073,540
Tax on Distributed Profit	3,743,105	3,832,515
Transfer to General Reserve	105,000,000	100,000,000
Balance Carried Forward	35,182,243	33,045,674
Total	166,998,888	159,951,729

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of Rs.1875.24 million (previous year 1645.65 million). The net profit stood at Rs.133.95 million (previous year Rs.128.02 million).

3. DIVIDEND

Your directors recommend for your consideration a dividend of Rs. 4/- per share of Rs.10/- each for the year ended 31st March, 2011.

4. INSURANCE

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

5. FIXED DEPOSITS

Four Deposits aggregating to Rs.102,219 though matured were not claimed as on 31st March 2011.

6. DIRECTORS

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

The Directors have steered the Company through a significant growth phase over the years. It is proposed to pay commission to Non Executive Directors within the permissible limits of the net profits of the year to be calculated in accordance with provision of the Companies Act,1956. The commission is proposed to be paid to them for their valuable contribution at the Board and it's committee meetings as well as time spent on matters other than at the meetings. Special Resolution is proposed for approval of members at the ensuing Annual General Meeting for payment of commission to Non-Executive Directors.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the

financial year and of the profit or loss of the Company for that period;

3. that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors have prepared the annual accounts on a going concern basis.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

9. CORPORATE GOVERNANCE

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

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

10. PERSONNEL

Industrial relations in the Company were cordial throughout the year under review. The Board of Directors of the Company wishes to place on record its sincere appreciation for the continued support and good work of all employees.

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

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

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

12. AUDITORS

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

13. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

P. B. Patel
Managing Director

A. M. Deshpande
Wholetime Director

Place : Mumbai
Date : 3rd May, 2011

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

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

Name of employees employed throughout the year :

Sr. No.	Name	Age Yrs.	Qualification	Date Of Joining	Designation	Nature Of Duty	Remuneration Received		Experience (yrs)	Last Employment & Designation
							Gross	Net		
1.	Shri P. B. Patel	53	BE (Mech.) MBA	01-04-06	Managing Director	Overall Management	98,34,677	54,07,000	35	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	61	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	59,73,880	27,58,132	38	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager- Engg.)

Notes:

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

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

Particulars required to be disclosed in the report of Board of Directors pursuant to section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' report for the year ended 31st March, 2011.

[A] Conservation of energy :

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

[B] Technology absorption :

Form B (rule 2)

Research & Development (R&D)

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

1. Benefit derived as a result of the above R & D:
R&D efforts have helped bring out improvements in processes, product design and operating efficiencies. Indigenous development & supply of the underground mining machinery saved the country a sizable amount of foreign exchange, besides availability of machines at shorter notice.

2. Future plan of action:

Continuous measures are being taken to achieve indigenisation of existing machines and efforts are put to introduce new models suitable to Indian mining conditions.

3. Expenditure:

- | | |
|------------------------------|----------------|
| 1. Capital | : Rs. Nil |
| 2. Recurring | : Rs.99,60,467 |
| 3. Total R & D expenditure | |
| Percentage of total turnover | : 0.53 % |

[C] Technology absorption, adaptation & innovation:

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

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

2. Benefits derived as a result of above efforts.

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

3. Technology imported

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

- (i) Agreement dated 2-7-2004 with Voest-Alpine Bergtechnik Ges.m.b.H., Austria for manufacture of ACM-10-continuous miner.
- (ii) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.
- (iii) Agreement dated 12-05-2008 with Huta Stalowa Wola, S.A Poland for manufacture of 520G Wheel Loader.

[b] Whether technology fully absorbed:

Technology for the Front End Loader is absorbed and for rest products it is in progress.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs. 1,92,69,901 and continues to make efforts to push up exports.

2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 308,933,710	Rs. 19,269,901

For and on behalf of the Board of Directors

P. B. Patel
Managing Director

A. M. Deshpande
Wholtime Director

Place : Mumbai

Date : 3rd May, 2011



Corporate Governance Report

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

1. Company's philosophy

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

2. Board of Directors (the Board)

During the year 2010-2011, four (4) Board Meetings were held i.e. on

10th May 2010

30th July 2010

27th October 2010

10th February 2011

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 30 th July, 10	No. of other Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public companies	
						Member	Chairman
1.	Mr. P. B. Patel	MD (P)	4	Yes	11	Nil	Nil
2.	Mr. H. S. Parikh	NED (I)	4	Yes	3	3	2
3.	Mr. P. M. Patel	NED (P)	4	Yes	4	3	Nil
4.	Mr. Vihang Virkar	NED (I)	4	Yes	Nil	Nil	Nil
5.	Mr. A. M. Deshpande	WTD	4	Yes	1	Nil	Nil
6.	Mr. P. C. Amin	NED(P)	4	Yes	9	Nil	1
7.	Mr. Jal R. Patel	NED(I)	4	Yes	5	3	3
8.	Mr. Shreevardhan Sinha	NED(I)	No	No	Nil	Nil	Nil

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Wholetime Director

Personal Shareholding of Non-Executive Directors is as follows:

No. of Equity shares as at the year end

Mr. P. M. Patel	Nil
Mr. H. S. Parikh	300 Shares
Mr. P. C. Amin	1200 Shares
Mr. Jal Patel	Nil
Mr. Vihang Virkar	Nil
Mr. Shreevardhan Sinha	Nil