



Let's Preserve our Environment



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.....

| | |
|--|----|
| Board of Directors | 02 |
| Five Years at a Glance | 03 |
| Performance Indicators | 04 |
| Management Insight | 05 |
| Corporate Social Responsibility | 06 |
| Material Handling Equipment Division | 08 |
| Gear Division | 12 |
| Directors' Report | 14 |
| Management Discussion and Analysis | 20 |
| Secretarial Audit Report | 27 |
| Corporate Governance Report | 28 |
| Auditors' Report | 41 |
| Balance Sheet | 44 |
| Profit and Loss Account | 45 |
| Cash Flow Statement | 46 |
| Schedules Forming Part of the Balance Sheet | 48 |
| Schedules Forming Part of the P&L A/c. | 55 |
| Notes Forming Part of the Accounts | 58 |
| Auditors' Report on Consolidated Financial Statements | 69 |
| Consolidated Balance Sheet | 70 |
| Consolidated Profit and Loss Account | 71 |
| Consolidated Cash Flow Statement | 72 |
| Schedules Forming Part of the Consolidated Balance Sheet | 74 |
| Schedules Forming Part of the Consolidated P&L A/c. | 80 |
| Notes Forming Part of the Consolidated Accounts | 83 |
| Notice | 94 |





Shri Prayasvin Patel
(Chairman and
Managing Director)



Shri Pradip M. Patel



Shri Chirayu R. Amin



Shri Hasmukhlal Parikh



Dr. Amritlal C. Shah

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



₹ in Mn.

| Particulars | Consolidated 2010-11 | | 2010-11 | | Standalone | | | |
|------------------------------|-------------------------|--------|--------------|--------|------------|---------|---------|---------|
| | US \$ Mn. | ₹. Mn. | US \$ Mn. | ₹. Mn. | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
| 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

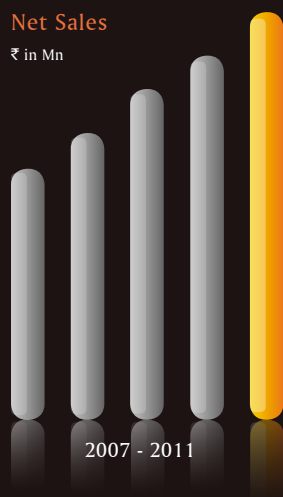
Figures are rounded off to nearest US \$ Mn. / ₹ in Mn.



performance indicators:

Net Sales

₹ in Mn



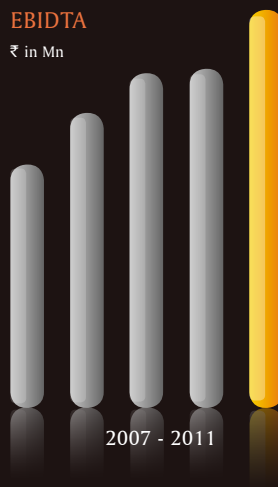
12.50%

increase from 2010

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

EBIDTA

₹ in Mn



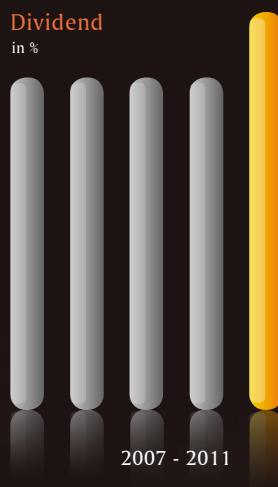
17.98%

increase from 2010

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

Dividend

in %



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



"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 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

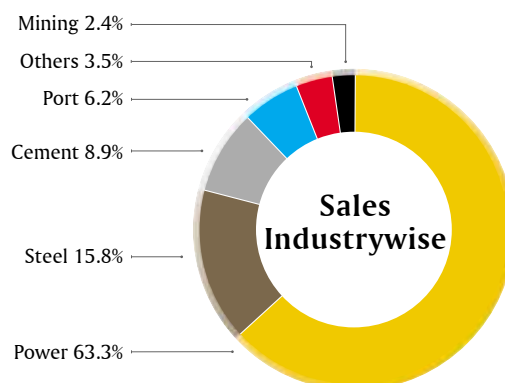
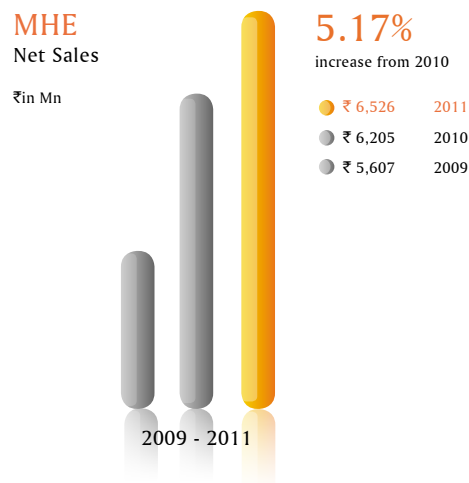
- Various orders worth ₹ 2,252 Mn received from Tecpro Systems Ltd., Chennai for the supply of Stockyard equipments : Stacker / Reclaimers / Stacker cum Reclaimers, Drive units, Roller Screen, Crushers, Apron Feeders, Wagon Tippler, Side Arm Charger etc.
- Orders worth ₹ 948 Mn. received from GMR Infrastructure 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

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.



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

