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• Board of Directors



From left to right : Shri Chirayu R. Amin, Shri Prashant Amin, Shri Prayasvin Patel (Chairman and Managing Director), Shri Pradip M. Patel, Shri Hasmukhlal S. Parikh and Dr. Amritlal C. Shah

Elecon at a Glance

Elecon is one of India's largest manufacturers of Material Handling Equipments, providing a wide product range that are only being offered by a few companies throughout the world. We are also amongst the largest manufacturers of Industrial Gears and Power Transmission products in India and are the supplier of choice when it comes to customized gears. Our expertise in the manufacturing of gears helps us to manufacture wind turbine gearboxes for the alternate energy sector and we enjoy a significant presence both in India and abroad. Elecon has designed and implemented several landmark projects throughout the globe and is a well respected name in the products and services it offers.

With more than 50 years of experience combined with superior state of the art infrastructural facilities and a highly skilled work force, we are able to successfully decipher the changing requirements of the industry and provide them with superior products from time to time.

We successfully cater to, and enjoy 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.

This year we are proud to be associated with the Indian Navy by providing them with CODOG gearbox for their new generation stealth warship, the INS Shivalik. These gearboxes are made in technical collaboration with Renk GmbH, Germany, world leaders in marine gear technology to meet the stringent requirement of quality and reliability.

We are committed to technological enhancement and industrial prowess which gives us the motivation to always strive harder and harder to attain new technological milestones, to stand true on our 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 Baroda
EXIM Bank of India
Axis Bank Limited
Citi Bank N.A
HDFC Bank Limited
IDBI Bank Limited

Auditors
Thacker Butala Desai
Chartered Accountants
Navsari

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



• Five years at a glance

Rs. in Mn.

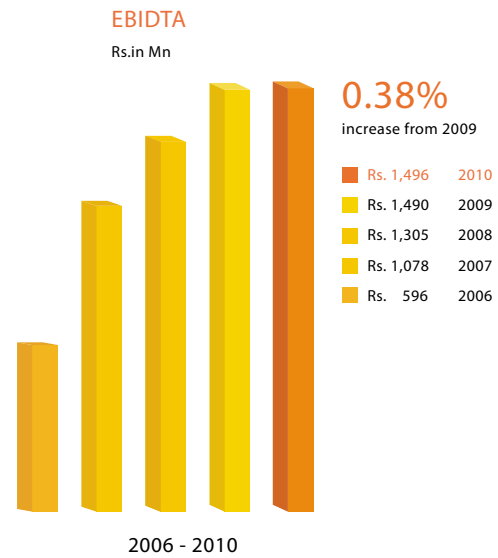
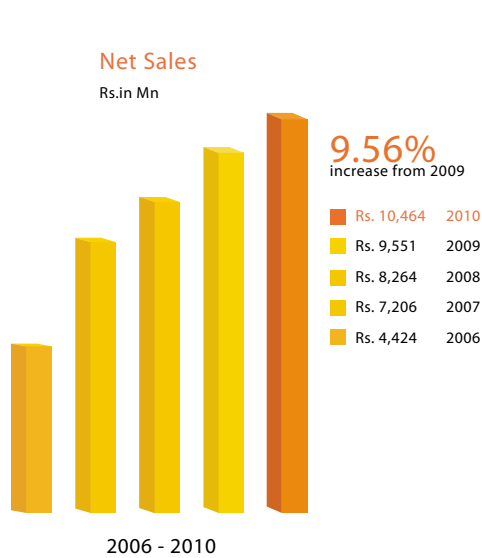
Particulars	2009-10		2008-09	2007-08	2006-07	2005-06
	US \$ Mn.	Rs. Mn.				
TURNOVER	233.1	10,464	9,551	8,264	7,206	4,424
TOTAL INCOME	238.6	10,711	9,646	8,362	7,289	4,507
EARNING BEFORE DEPRECIATION, INTEREST & TAX	33.3	1,496	1,490	1,305	1,078	596
DEPRECIATION	7.4	331	221	142	122	94
PROFIT AFTER TAX	14.7	662	575	672	549	278
EQUITY DIVIDEND	3.1	139	139	139	46	30
DIVIDEND%	-	75%	75%	75%	75%	50%
EQUITY SHARE CAPITAL	4.1	186	186	186	61	57
RESERVE & SURPLUS	68.5	3,075	2,568	2,181	1,817	969
NET WORTH	72.0	3,235	2,737	2,358	1,874	1,003
GROSS FIXED ASSETS	117.4	5,273	4,559	3,165	2,511	2,133
NET FIXED ASSETS	80.7	3,622	3,110	1,931	1,267	952
TOTAL ASSETS	288.8	12,968	13,320	10,131	7,441	5,349
NUMBER OF EMPLOYEES		1,069	889	801	746	680
KEY INDICATORS	US \$					
BASIC EARNINGS PER SHARE(Rs.)	0.16	7.13	6.19	7.24	18.30	9.87
DEBT EQUITY RATIO						
(TOTAL DEBT:EQUITY)	-	1.61	2.16	1.73	1.51	2.05
EBIDTA*/TURNOVER %	-	14.29	15.61	15.79	14.95	13.48
NET PROFIT MARGIN%	-	6.32	6.02	8.13	7.62	6.30
RETURN ON NET WORTH%	-	20.46	20.99	28.39	29.29	27.78
RETURN ON CAPITAL EMPLOYED%	-	7.52	6.47	10.13	11.44	8.94

Exchange Rate : 1 US\$ = Rs. 44.90 (as on 31-3-2010).

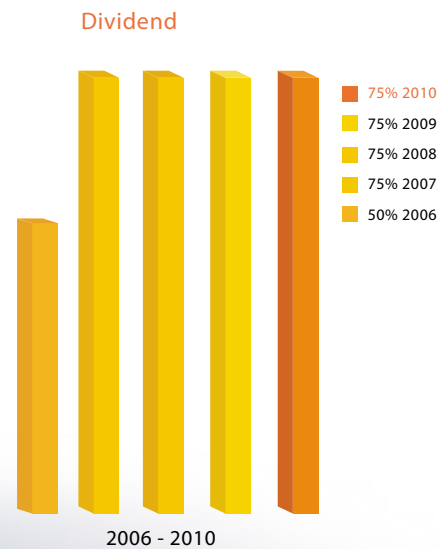
* Extraordinary items and other income are not considered for calculating EBIDTA

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

• Performance Indicators



*Created a history in our journey up till now and reached a milestone of achieving the turnover of more than **Rs. 1000 Crores in FY10.***



• Management Insight



"Our expertise in engineering industries is giving us an opportunity to expand our global presence and to create a relationship across the globe to spread our maxim of being "Always a step ahead in technology."

- Prayasvin Patel
Chairman & Managing Director



"The ever growing market needs effective strategies formation and speedy execution. Our openness to changes helps us in marching towards our commitment of becoming a complete solution provider in the engineering industry. Combined with a robust team spirit we are able to flow the clients' needs while attaining a win:win situation for our customers and stakeholders."

- Prashant Amin
Elecon- Group Director



"We endeavour to think ahead and prepare for the future. We will remain focused on our disciplined approach to manage our capital base efficiently in a manner that leads to a high return on equity and continual enhancement of stakeholders' value."

- Hemendra Shah
Vice-President (Commercial) & CFO

"With fluctuating input costs, the key to stability and growth is speedy completion of projects. We are committed to work towards this goal and further strengthen our team to achieve excellence in project execution."

- G.S. Kalra,
CEO, MHE Division



"After darkness of recession, the dawn is really breaking out and the Indian Industries have started with a real boom. In Steel, Sugar and Infrastructure Sector, as well the need of Power and that too of green energy is being felt by each one of us, for which many new players are emerging out, though a bit late in the race where Elecons' dreams are also coming true after a lot of tough waiting."

- Vilas Kalyankar,
CEO, Gear Division

• Corporate Social Responsibility

We at ELECON believe that its one of our core responsibility as a Corporate to give back to the society in which we operate. Year on year we have been actively involved in upliftment activities focusing majorly in the areas nearby apart from employees development activities.

Our yearly commitments include developmental activities in Indiranagar (the village that we have adopted) near Napad, maintenance of the Bhanubhai and Madhuben Patel cardiac centre that was built by us at Shri Krishna Hospital along with other medical facilities, we contribute in a positive way to 3 schools and 3 parks that we have built in and around Vallabh Vidyanagar, Gujarat.

Through our social service wing ELCARE and ELF we try to reach out and offer help wherever possible. Some of our community involvement this year were:

Mega Blood Donation Camp:


India needs around 400 million units of blood each year out of which it is only able to collect around 5 million units. This leads to a severe shortage of blood and in many cases deprives people in acute need of it, causing fatalities. We organize blood donation camps with the IRS (Indian Red Cross Society) on a regular basis for our employees and organized a Super Mega Blood Donation Camp for everyone to come and donate for this cause. We were able to successfully collect 1067 Units of blood in a single day which is a record number for collection in Anand and Kheda District.

Scholarship to Students:


We believe that right education is the foundation that the India of tomorrow will be built upon. So, not letting money be a constraint for the deserving students to pursue higher education, we give scholarships to meritious students that cover their food, hostel and tuition fees. The selection is made by considering the financial situation of the applicant amongst other things. Last year we offered 45 scholarships with the number set to increase to 60 students this year.



Apart from these, we have also actively participated in various other small activities like donation of computers to a school in a nearby village, organizing various sports events, organizing various cultural events and creative activities, helping a school for the differently able (visually impaired) children, providing training to students to help them develop a good and thorough understanding of their fields of education and reaching out to other societal causes through our social service wings EL CARE and ELF.



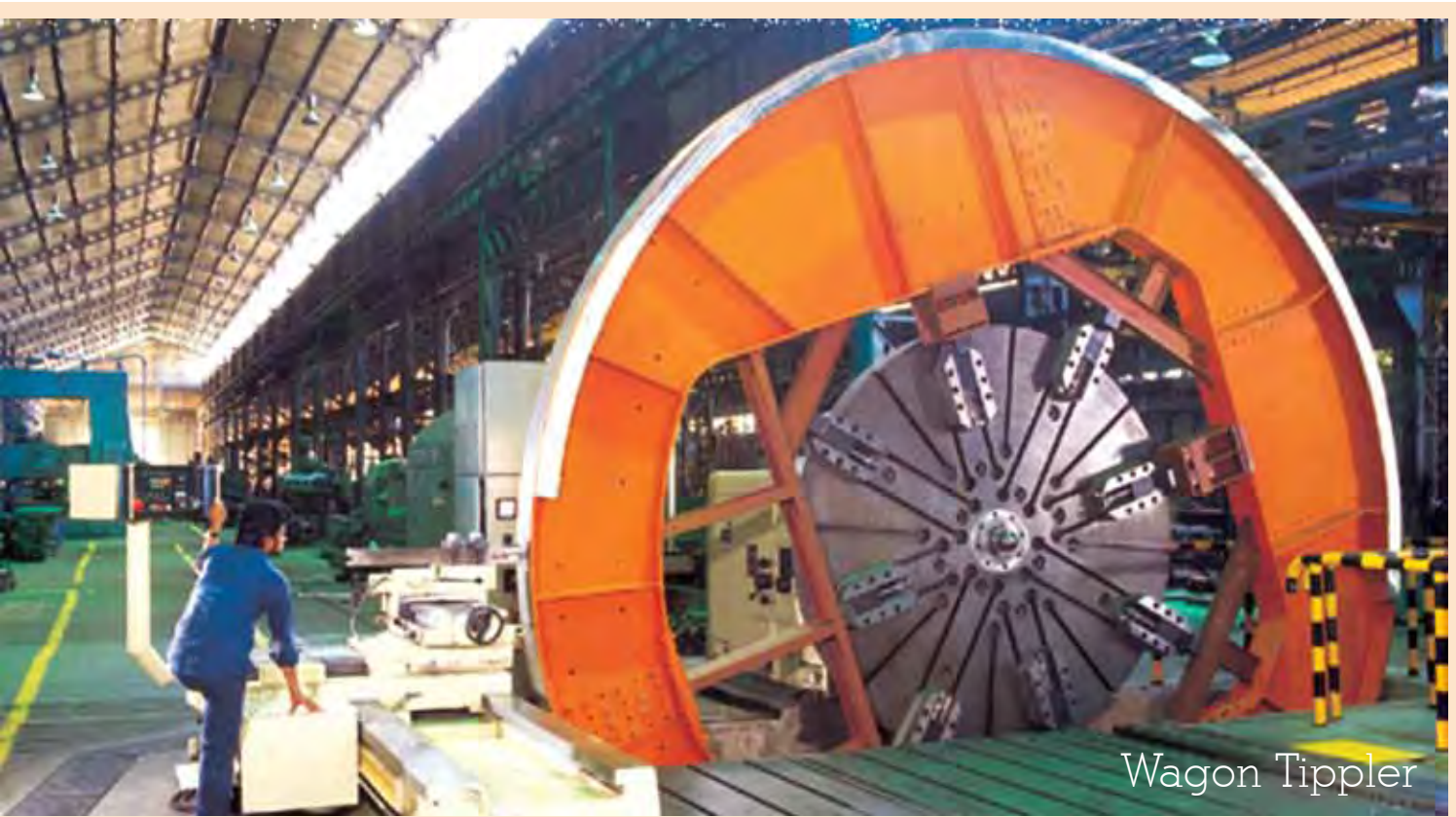
would you let
the green dots disappear ?



Let's Preserve Our Environment

ELECON 

• Material Handling Equipment Division



Wagon Tippler

With around 6 decades of experience Elecon has grown to become the single largest company having a composite range of almost all types of Bulk Material Handling Equipments and products to choose from. We were one of the first companies to introduce the concept of mechanized bulk material handling in India and have supplied hi-tech material handling equipments to core sectors like Steel, Fertilizer, Cement, Power, Coal, Lignite & Iron ore Mines and Port Mechanization across the globe.

Milestones

- Designed, manufactured, supplied and erected a 7.5 kms relocatable-type Belt Conveyor System in Thailand
- Designed, manufactured, supplied and erected a 70 kms long conveying system at Neyveli Lignite Corporation

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 a technical collaboration with M/S CKIT Conveyors Engineers – Johannesburg, SA. Through this collaboration Elecon will avail technical support in Pipe Conveyor, Long Distance Through Conveyor, High Speed Conveyors and Curve Conveyors.

Noteworthy Achievements

- Various orders worth Rs. 608 Mn received from Tecpro Systems Ltd., Chennai for the supply of unidirectional bucket wheel

Net Sales for MHE
Division increased by
10.66 % from
Rs. 5607 Mn in
2008-09 to Rs. 6205
Mn in 2009-10

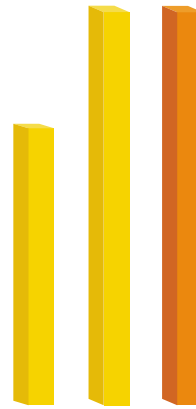
MHE

Net Sales Rs.in Mn

10.66%

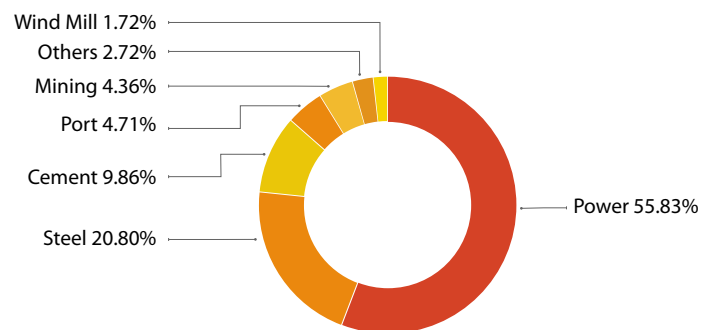
increase from 2009

Rs. 6,205 2010
Rs. 5,607 2009
Rs. 4,373 2008



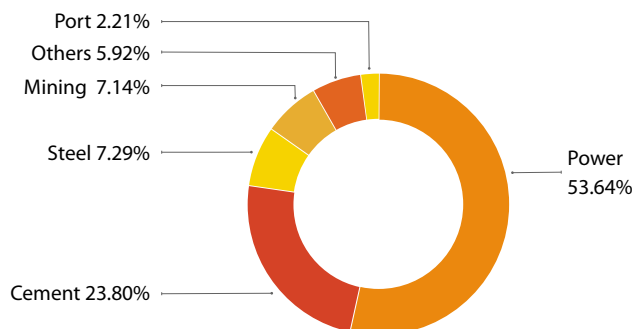
2008 - 2010

Sales Industrywise



The Power sector was the highest contributor with almost 55.83 % share followed by Steel with 20.80 % share

Orderbook Industrywise



type stacker cum reclaimer, supply of equipment for coal handling package (including stacker reclaimer), supply of Slewing and Luffing stacker, bucket wheel type reclaimer and drive units, supply of reversible bucket wheel type stacker cum reclaimer with hydraulic drive and its spares and drive units and its spares.

- Order worth Rs. 199.9 Mn received from ABG Cement, Mumbai for the supply of stacker and reclaimers.
- Orders worth Rs. 165 Mn received from Anrak Aluminum Ltd. Hyderabad for the supply of equipments for coal & limestone handling system Co-generation Power Plant at Rachapalli village, Visakhapatnam, A.P.

Growth Drivers

The demand for infrastructural projects has always been amongst the top agendas of the government and will remain the same, which results in high demand for material handling solution. Thanks to the government policy and stimulus packages, more and more investments are expected to pool in with the implementation of mega projects.

An equal contribution in the growth of the MHE is from the power, steel, coal, ports and similar industries.





- Gear Division



Main Hoist Drive Gearbox For Laddle Crane

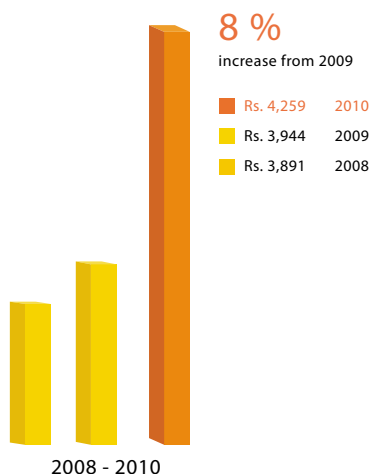
Elecon is one of the largest manufacturers of industrial gears and was the first company in India to introduce modular design concept, case hardened and ground gear technology. Elecon is the gear supplier of choice to core sectors like Sugar, Cement, Steel, Fertilizer, Plastic Extrusion and Rubber. Elecon was the first industrial gear manufacturer in India to achieve ISO 9001 in 1994, the first to achieve ISO 9001:2000 in 2001 and again the first 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 gear in Asia. Our plant is acknowledged as one of the most modern facility and has received appreciation throughout the globe.

Gear

Net Sales Rs.in Mn



Net Sales for Gear Division increased by 8 % from Rs. 3944 Mn in 2008-09 to Rs. 4259 Mn in 2009-10

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.

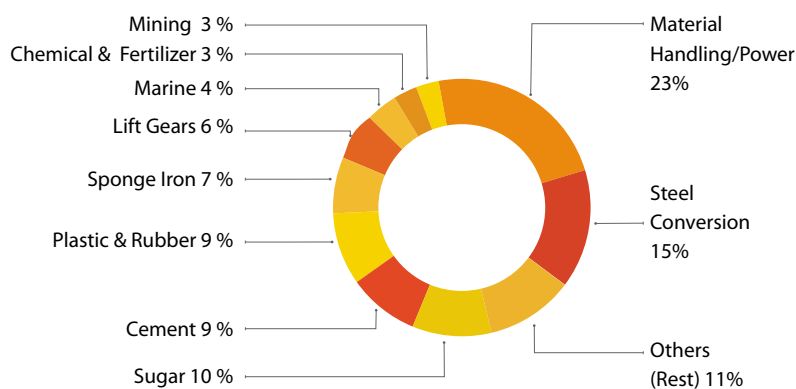
Growth Drivers

Our years of experience and technical expertise helps us understand the needs of various sectors and to provide them with superior solutions through which we are able to create a niche in the industry.

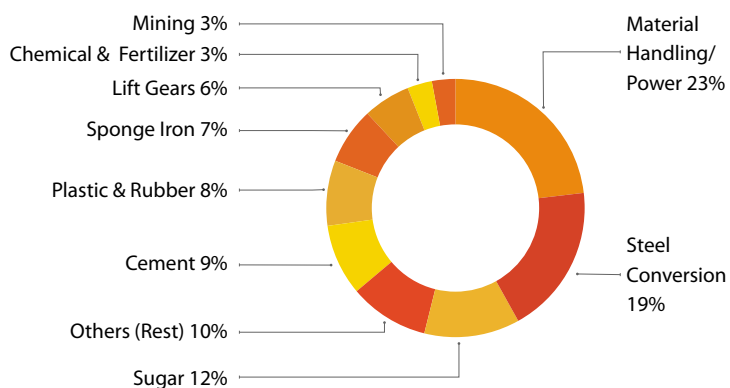


ASL 103 type gearbox for Coast Guard Offshore Patrol Vessels

Sales Industrywise



Orderbook Industrywise



- Directors' Report



Prayasvin B. Patel
Chairman & Managing Director

Dear Members,

Your Directors have pleasure in presenting this 50th Annual Report together with the Audited Statements of Accounts for the year ended on March 31, 2010.

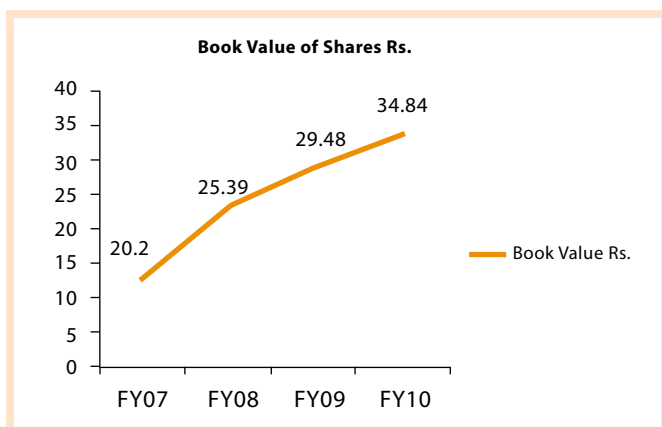
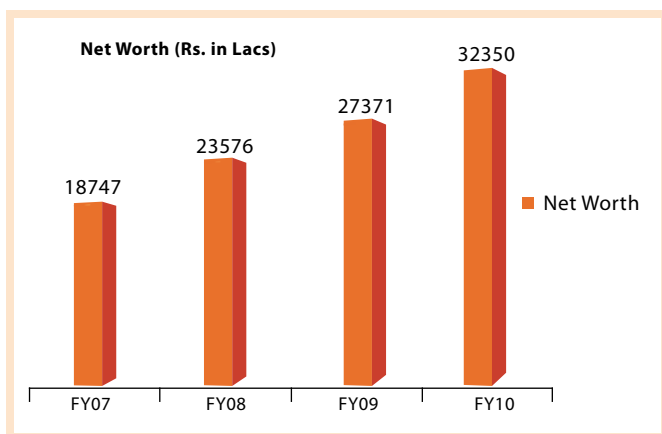
Your Directors always try to give the maximum possible value to the share holders. We have maintained our tradition of coming forth with high quality content and services. Our tradition in no way inhibits our capacity for innovations.

As stewards 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.

For the first time, your Company has crossed a Milestone of **Rs. 1000** Crores Turnover.

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

(Rs. in Lacs)		
Year Ended March 31,	2009-2010	2008-2009
Profit Before Tax, Interest, Depreciation & Adjustments for previous year	17432.63	15861.55
Less : Interest	5088.89	4836.80
Depreciation	3312.03	2214.72
Profit Before Tax	9031.70	8810.03
Less:		
Provision for Tax	1666.35	1812.43
Deferred Tax	747.83	1197.48
FBT	--	55.00
Profit After Tax	6617.53	5745.12
Add:		
Adjustment of Previous Years	77.38	(248.09)
Previous Year Balance Brought Forward	2008.75	5641.37
PROFIT AVAILABLE FOR APPROPRIATION	8703.66	11138.40
APPROPRIATIONS:		
Proposed Dividend	1392.92	1392.92
Income Tax on Dividend	231.35	236.73
Transfer to General Reserve	5000.00	7500.00
Balance Carried Forward	2079.39	2008.75



Review of Operations

For the year ended on 31st March, 2010, the Company has achieved Turnover of Rs. 104637.05 Lacs and Net Profit of Rs. 6617.53 lacs as against the Turnover of Rs. 95506.48 Lacs and Net Profit of Rs. 5745.12 Lacs respectively during the previous year, representing increase in Turnover of 9.56% and increase in Net Profit by 15.19%.

The Company holds unexecuted orders worth Rs. 124301.25 Lacs. Rs. 99653.25 Lacs is for the MHE division and Rs. 24648 Lacs is for the Gear Division as of March 31, 2010. This will help us to steer the Company in the profitable direction. Your Company has ability to attend substantial live enquiries with excellence. During the current financial year, the Company has begged orders worth Rs. 32614.31 Lacs.

Dividend

Your Directors are pleased to recommend dividend of Rs. 1.50/- per share (Previous Year Rs. 1.50/- per share on 9,28,61,510 equity shares of Rs. 2/- each) on 9,28,61,510 equity shares of Rs. 2/- each for the year ended on 31st March, 2010.

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, 2010, 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.

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, 2010.

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.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Hasmukhlal S. Parikh and Dr. A.C. Shah, Directors retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

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.

The observations of the Auditor's are self-explanatory.

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 stewards 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 10, 2010



• Management Discussion & Analysis

Industry Structure and Development

The year under review saw relative stability compared to the market turmoil that were witnessed in the last quarter of 2008-09. The overall situation was better than we had apprehended in the aftermath of the economic slowdown. Amidst the downturn of global economy and stagnation, the Indian economy grew at close to 7%, largely due to low dependence on external factors and a growing domestic demand.

Though recessionary trends affected several of our customer segments, there was a noticeable improvement in economic conditions after the first half of 2009-10. Steel price softened significantly during 2009-10 with consequent reductions in our selling prices and input costs. However, demand-supply mismatches and inconsistent monsoons put the economy on an inflationary trend and the trend continues in the current year.

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

In any industry, the trend of demand and supply is dependent on the economic growth and the economic environment of the country. Increase in GDP encourages investment in the infrastructure industry which ultimately results in modernization of existing facilities and repair and maintenance, of the same. This is directly beneficial to the Company as both of our Material Handling Equipment division and Gear division form an essential part of most manufacturing facilities.

Opportunities and Threats

Global economy has stabilized and entering a period of weak growth. The impact of the financial turmoil resulted in registering negative growth rates by most developed countries for successive quarters in 2008-09. Central Governments and Central Banks around the world took unprecedented actions like expanding Government balance sheet significantly to stimulate demand, sharply reducing interest rates to near zero levels, which flooded the market with liquidity to ride over the turmoil. These radical measures have helped recovery across the globe.

Particularly, India has been gaining prominence in the investment plans of most global investors. The growth rate in India has been far better than other emerging economies primarily due to higher reliance on domestic demand for



growth. Exports constitute only 20% of the total GDP of the country and slowdown in export is unlikely to derail the economy from the growth path.

Infrastructure is likely to be one of the key growth drivers for Indian economy. Government aims to increase the infrastructure spending to 9% of the GDP by FY12 compared to 5.5% at present. The spending on the infrastructure is likely to benefit the revenue and earnings growth of many related sectors. As your Company caters to infrastructure projects also, this would be one of the growth engines of the future of your Company.

Opportunity in the infrastructure sector is huge and with Government's clear focus on the sector, there will be huge order flows in coming years.

Segment-wise Performance

During the financial year 2009-2010, the Company has achieved a Turnover of Rs. 104637.05 Lacs as against Rs. 95506.48 Lacs in the previous year, which shows a growth of 9.56% over the previous year.

The Turnover of Gear Division has increased to Rs. 42592.05 Lacs from Rs. 39439.60 Lacs in the previous year, which shows an increase of 8%.

The Turnover of MHE Division has increased to Rs. 62045.00 Lacs as against Rs. 56066.88 Lacs in the previous year, which shows an increase of 10.66%.

The Profit Before Tax has increased to Rs. 9031.70 Lacs from Rs. 8810.03 Lacs in the previous year resulting into an increase of 2.52 %.

First Indian Mega Power 2MW Gear Box



The Profit After Tax has increased to Rs. 6617.53 Lacs from Rs. 5745.12 Lacs, resulting into an increase of 15.19%, over the previous year.

Outlook

While the world seems to have returned on the growth path after experiencing huge turmoil, the recovery is primarily driven by the stimulus by Central Bank and Governments across the world. India is not an exception to this. The sustainability of the recovery will only be known as and when the stimulus is withdrawn. However, in India, Central Government is expected to continue with its stimulus plans for some more time.

Global economic collapse, together with liquidity squeeze had forced corporates to either scale back their capex plans or at least defer them. With revival in demand, increased availability of finance through both debt and equity route and improved business confidence, these deferred capex plans will gain traction and materialize, which in turn will result in resumption of various projects by our big clients.

Power is likely to lead the infrastructure cycle. To contain the peaking shortages and to meet the incremental demand, the Central Electricity Authority (CEA) has targeted a capacity addition of 1,00,000 MW in the XIIth Five Year Plan, a growth of 27%. Due to encouragement from Government, private sector capex in power will improve in the coming years. Your Company's MHE Div. supplies majority of its products to Power Sector, this will help your Company to maintain its business.

The Indian economy will continue its growth trajectory on the back of strong domestic demand and huge outlay on infrastructure planned by the Government.

With the recovery in corporate capex cycle and Government's increased focus on infrastructure, the sector will grow at a rapid pace in coming years. This will definitely help your Company in developing its business in this sector.

Risk and Concerns

MHE Division

The Company believes in quality and is committed to offer satisfaction to its clients. This is helping the Company to have continuous flow of orders and enquiries, which in turn helps the Company to grow in the volatile economic situation.

The Government of India (GOI) has lot to do for development of infrastructure. Material Handling Equipment industry is catering to the growing and rapidly changing needs of the core industries such as Coal, Cement, Power, Port, Mining, Fertilizers and steel plants. Due to various stimulus packages of GOI and global recovery, all these sectors are back on track

of growth. However, delay in execution and poor execution of projects hampers the development of the economy and these sectors.

Gear Division

Your Company's reputed specialization, in this segment, is being recognised by its clients by providing good business. This results in an opportunity to look for, find and make improvements as well as cost savings changes throughout its products.

Catering to the needs of almost all sectors of industry helps your Company to have balanced growth amidst unpredictable economic conditions. The impact of fluctuation in Steel and other raw material prices has been mitigated to a great extent by using various tools of hedging.

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, 2010 was 1069 as against 889 as on 31st March, 2009.

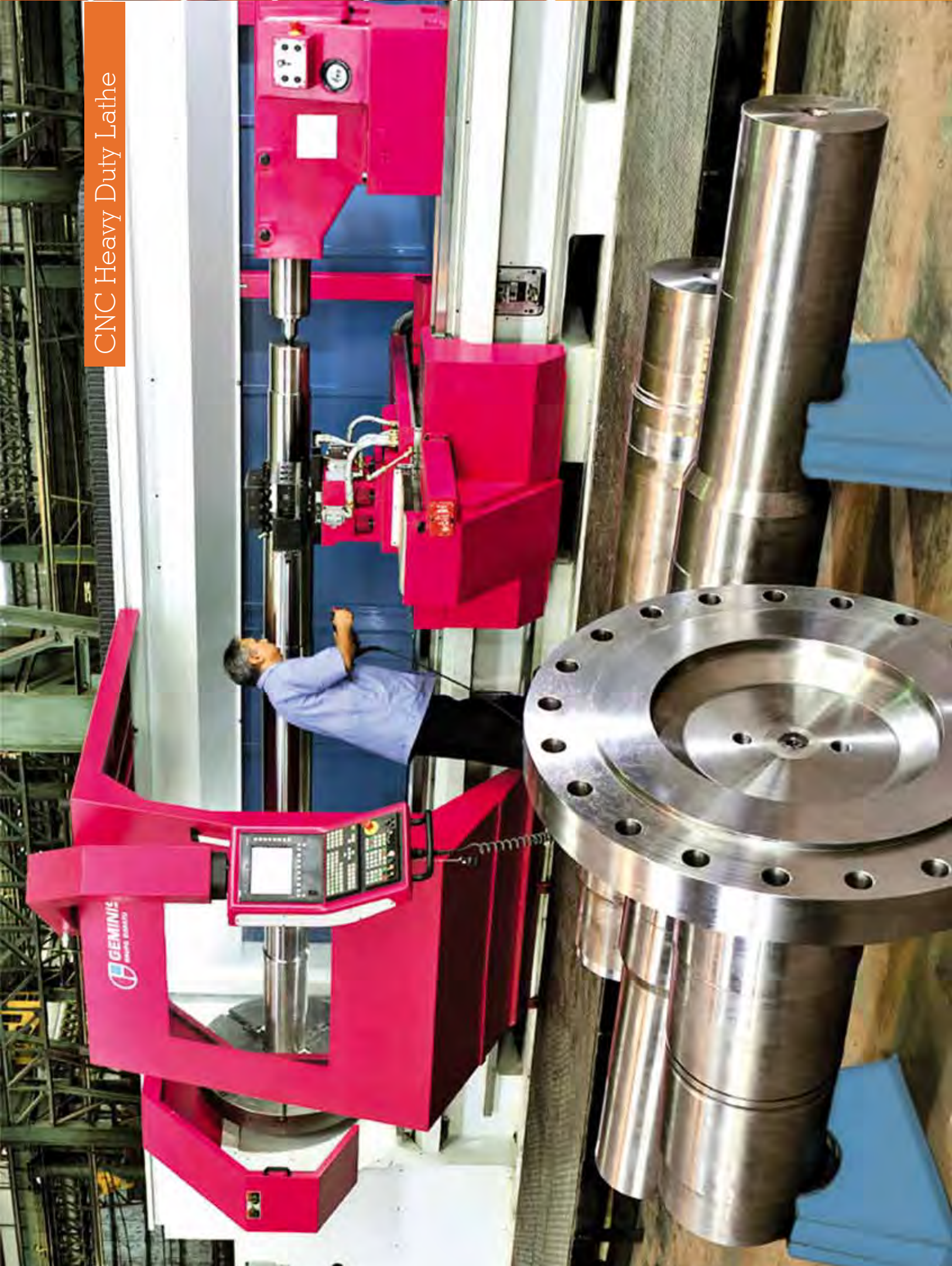
Cautionary Note

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.

CNC Heavy Duty Lathe



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, 2010.

Name	Age	Qualification	Date of Joining	Designation	Gross Remuneration (Rs. in Crores)	Experience in years	Last Employment
Shri P. B. Patel	52 years	B. E. (Mech.) M.B.A. (U.S.A.)	1/7/83	Chairman and Managing Director	2.87	28	Business

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

NIL							
-----	--	--	--	--	--	--	--

Notes:

- The appointment is contractual.
- 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.
- Experience includes number of years of service elsewhere, wherever applicable.
- 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

- Company, for the first time, has installed OLTC type 1500KVA Power Transformer to distribute power with constant voltage which results in saving of power.
- Company has also started using indoor type Schneider/conserve make coolite 120KVA Lighting Energy Saver unit to save power to the extent of 10-20%.
- Company has been continuously installing number of special energy saving devices (CESS, South Korea make) on air compressor motors resulted in reduction of power consumption to the extent of 12% of total energy consumed on such compressors.
- Company has started to use Variable Frequency Drives (VFD) in EOT, Goliath and Travelling Jib Crane to reduce starting load of motor.
- Company has continued to use Variable Frequency Drives (VFD) to reduce motor power during no load running of high capacity induction motors used for gear box testing.
- Company has continued the use of Fork Lift instead of Hydro Crane to minimize the consumption of the power.
- Company has continued to replace number of high voltage consuming lighting systems into low voltage consuming FL tubes in the Company's factory sheds and workshop to conserve energy.

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

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 significant reduction in consumption of energy as well as cost of goods.

2. TECHNOLOGY ABSORPTION

(I) Research and Development

- 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.

- 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.
- Future plan of action: The Company, for the first time, is developing multi megawatt wind mill gearboxes including its full load testing facilities. Prototype gearbox for 2 MW Wind Mill is already developed and tested.
- Expenditure on R & D : Not applicable

(II) Technology absorption, adaptation and innovation

- The Company, for the first time, developed and supplied large Worm Gears used in Power Plants for Bowl Mill drives. Size of such Worm Gears are suitable for center distance from 40" to 46".
- The Company has 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 also paid first installment 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 developed, manufactured and supplied 9 MW Marine Gearboxes for Indian Coast Guard ships with technical collaboration with M/s. Renk, Germany.

- Benefits derived as a result of the above efforts: Presently, the Wind mill gearboxes are being imported by the Indian manufactures and hence, it will substitute the import market and create new market for the Company for this segment.
- 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	

(Rs. in Lacs)

3. FOREIGN EXCHANGE DETAILS

Particulars	2009-2010	2008-2009
Earnings	6,364.92	4,080.41
Outgo	11,624.31	21,031.10

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, 2010 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 2010 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, 2009.
- (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) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Directors and Management Personnel.
- (c) 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.
- (d) 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 Bombay 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 (Prohibition of Insider Trading) Regulation 1992 with regard to the disclosure and maintenance of records required under the Regulations.

Place : Ahmedabad
Date : 10-05-2010

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



CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Corporate Governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation 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 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-Executive 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 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

Minutes 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 2009-2010, the Board Meetings were held on 2nd May 2009, 30th July 2009, 28th October, 2009 and 29th January, 2010 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, 2010 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 Directorship	No. of Committee Chairmanship/ Membership	
						Chairmanship	Membership
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	3	-	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	2	Yes	9	1	-
Shri Hasmukhlal S. Parikh	Independent Non-Executive Director	4	4	Yes	3	1	5
Dr. Amritlal C. Shah	Independent Non-Executive Director	4	4	Yes	6	1	9

The Company did not have any material pecuniary relationship or transactions with the Independent Non-Executive Directors during the year 2009-2010.

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

Shri Hasmukhlal S. Parikh and Dr. Amritlal C. Shah, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Shri Hasmukhlal S. Parikh and Dr. Amritlal C. Shah are not related to any other Directors of the Company.

(III) Audit Committee

The term of reference of the Audit Committee are 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 specialising 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, 2010 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

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

02-05-2009	30-07-2009	28-10-2009	29-01-2010
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Attendance of 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	4

The Vice President (Commercial) & CFO, Statutory Auditors, Internal Auditors are permanent invitees to the meeting and attended and 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, 2009.

(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 2009-10, on 2nd May, 2009.

Attendance of 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 2009-2010.

Nature of Queries (Correspondence)	Total Received	Total Replied	Pending	Remark
Inquiry pertaining to non- receipt of shares sent for transfer	4	4	-	-
Inquiry on Dematerialization of Shares	7	7	-	-
Name Correction/deletion	32	32	-	-
Address correction	109	109	-	-
Letter Received from SEBI/ other Statutory Bodies	4	4	-	-
Loss of Shares & issue of duplicate Shares	54	54	-	-
Split/Consolidation of Shares	1	1	-	-
Transmission of Shares	24	24	-	-
Demat	-	-	-	-

(V) Remuneration Committee

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

The Remuneration Committee of the Company as on 31st March 2010 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 Paresh Shukla, Company Secretary of the Company is the Secretary of the Committee. No Remuneration Committee Meeting was held during the financial year 2009-10.

(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 Rs. 15,000/- for each meeting. The sitting fees paid to Non-Executive Directors for attending Board and Committee Meetings during the year 2009-10 is as follows:

Directors	Sitting fees Amount in Rs.
Shri Pradip M. Patel	1,35,000
Shri Prashant C. Amin	1,65,000
Shri Chirayu R. Amin	30,000
Shri Hasmukhlal S. Parikh	1,35,000
Dr. Amritlal C. Shah	1,35,000



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 2009-10 is as follow:

(Rs. in Lacs)

	Salary	Perquisites	Commission	Total
Shri Prayasvin B. Patel	142.35	0.08	145.00	287.43*

* 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) Committee of Directors

In addition to the above Committees, the Board has constituted a Committee of Directors comprising of the following Directors as on 31-03-2010 :

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

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

07-05-2009	30-11-2009	25-03-2010
11-06-2009	07-01-2010	
03-09-2009	20-02-2010	

Attendance at the Committee of Directors 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	—

(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
2006 - 07	Elecon Engineering Co. Ltd. Audio Visual Hall Gear Division Anand Sojitra Road Vallabh Vidyanagar – 388 120	AGM	13-9-2007	Thursday	11.00 a.m.	4
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.	-
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.	-

During the year ended 31st March, 2010, no resolution has been passed by the members through Postal Ballot.

Dividend History

Year	Rate (%)	Per Share (Rs.)	Amount (in Rs.)
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

* During the year 2008-2009, dividend was declared at the rate of Rs. 1.50 per share having face value of Rs. 2/- each.

Stock Options

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

Equity Shares held by Directors (as on 31-3-2010)

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. 15 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-compliance. 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, 2010.

(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 Proforma 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 and simultaneously posted on the Electronic Data Information Filing and Retrieval website namely www.sebiedifair.nic.in.

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** : 30th July, 2010 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** : Thursday, 1st July, 2010 to Wednesday, 7th July, 2010.
(both days inclusive)
- d) **Dividend Payment date** : on or before 4th August, 2010
- 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 2010-2011.

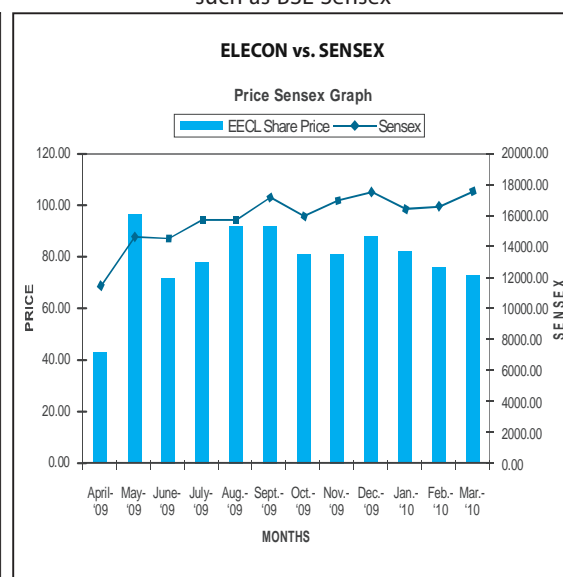
- f) **Stock code** : The Bombay Stock Exchange Limited, Mumbai
(Physical Segment) : BSE 5700
The Bombay Stock Exchange Limited, Mumbai
(Demat Segment) : BSE 505700
The National Stock Exchange of India Limited
(Demat Segment) : ELECON

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

g) Stock Market Price Data :

Monthly share price movement during the year 2009-10 at BSE & NSE Performance in comparison to broad-based indices such as BSE Sensex

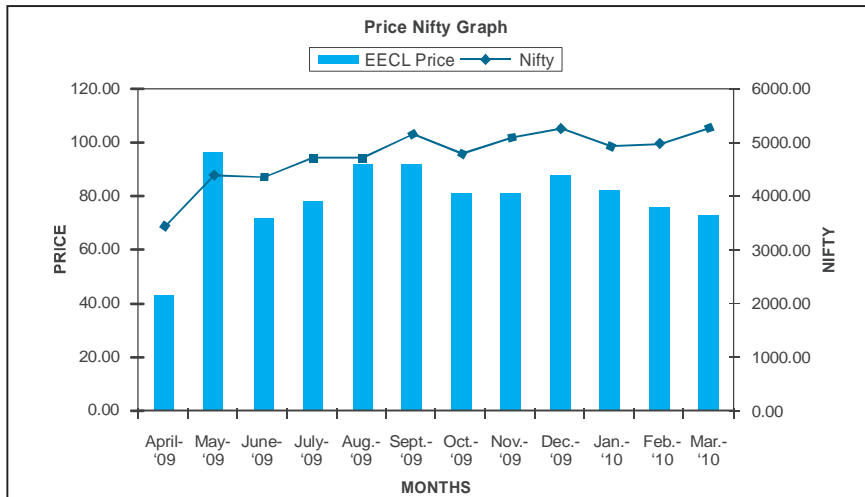
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April – 2009	45.80	30.55	3354354	45.50	31.00	2818135
May – 2009	96.00	43.35	9733927	95.50	43.25	9869235
June – 2009	104.80	65.10	5657817	105.05	64.70	6619491
July – 2009	88.85	60.05	13505714	88.90	60.10	13611531
August – 2009	93.20	72.30	8136259	93.30	68.55	9211633
September – 2009	94.50	82.00	3857299	94.60	82.10	4778113
October – 2009	110.85	80.00	11576478	110.80	80.00	16885647
November – 2009	94.75	73.40	9800613	94.60	73.75	11295843
December – 2009	90.90	81.10	4451792	99.80	81.10	5462155
January – 2010	97.70	76.50	7959364	97.80	76.55	9273494
February – 2010	88.00	73.10	2545281	88.00	73.50	2998460
March – 2010	81.95	70.45	2932521	81.70	70.10	4709027





Performance in comparison to broad-based indices such as NSE Nifty

ELECON vs. NIFTY



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. (Formerly known as Intime Spectrum Registry Limited)

308, 1st floor, Jaldhara Complex,

Opp. Manisha Society,

Off. Old Padra Road, Vasna Road,

VADODARA - 390 015.

Email : vadodara@linkintime.co.in

Phone: 0265 - 3249857, 2250241, 2252875

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 31-03-2010

Category	No. of Shares held	(%) of total
Promoters	4,24,45,238	45.71
Banks, Financial Institutions and Insurance Companies	1,84,616	0.20
Foreign Institutional Investors	9,63,154	1.04
Mutual Funds and UTI	1,26,35,950	13.61
N.R. I. / O.C. B.	9,51,686	1.02
Bodies Corporate	68,33,957	7.36
Public	2,88,46,909	31.06
TOTAL	9,28,61,510	100.00

k) Distribution of Shareholding as on 31-03-2010

Category	No. of Shareholders	Percentage	No. of shares	Percentage
1 - 500	44450	83.69	7298882	7.86
501 - 1000	4198	7.90	3384812	3.64
1001 - 2000	2175	4.10	3201086	3.45
2001 - 3000	780	1.47	1999652	2.15
3001 - 4000	349	0.66	1242051	1.34
4001 - 5000	280	0.53	1299419	1.40
5001 - 10000	454	0.85	3237668	3.49
Above 10000	425	0.80	71197940	76.67
TOTAL	53111	100.00	92861510	100.00

l) Dematerialization of Shares and Liquidity

As on 31st March 2010, 8,76,00,455 Shares were in dematerialized form representing 94.33% 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, 2010 :

There is no outstanding GDRs/ADRs/Warrants or any other Convertible Instruments as on 31st March, 2010.

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.

Herebelow 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 : pmsukla@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 performance of the Company for every quarter are extensively published in the newspapers and are also put on the Company's website besides being available on the SEBI website www.sebidifair.nic.in.

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 programmes 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, 2010 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, 2010, 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. : 30911
Firm Regn. No. 110864W

Place : Navsari
Date : 14-05-2010



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

Place : Vallabh Vidyanagar
Date : 10-05-2010

Chairman and Managing Director
and Chief Executive Officer

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 31, 2010 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, 2010 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, 2010;
 - (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

Place : Navsari
Date : 14-05-2010

Membership No. : 30911
Firm Regn. No. 110864W



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 at the end of 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 clause (iii) (a) above, this clause regarding overdue amounts of such loan 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 supplier's 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 deposit 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. (Rs. in Lacs)	Pending Before
1.	Excise Duty, Penalties & Interest thereon	109.38	C.E.S.T.A.T.
2.	Excise Duty, Penalties & Interest thereon	49.98	Central Excise Commissioner (Appeal)
3.	Income Tax, Wealth Tax and Interest & Penalty thereon	35.71	I.T.A.T.
4.	Income Tax, Wealth Tax and Interest & Penalty thereon	390.59	C.I.T (Appeal)
5.	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 Debenture.
- (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 investment 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 & 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 make 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 raise 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 except an instance of fraud on the Company by its one of the employees as given below:

One case of misappropriation by the said employee of the Company aggregating to Rs.33,40,431/- was reported during the year. The service of said employee involved has been terminated and the Company is in the process of taking legal actions. However, the said amount has been recovered from the said employee with interest and hence there is no impact on the financial results of the Company for the year under review.

For **THACKER BUTALA DESAI**
Chartered Accountants

M. T. DESAI
Partner

Place : Navsari
Date : 14-05-2010

Membership No. : 30911
Firm Regn. No. 110864W



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-03-10	Rs. in Lacs As at 31-03-09
SOURCES OF FUNDS			
Share Capital	1	1,857.23	1,857.23
Reserves and Surplus	2	30,753.41	25,682.77
		<u>32,610.64</u>	<u>27,540.00</u>
LOANS			
Secured	3	33,287.70	52,360.92
Unsecured	4	18,869.89	6,847.28
		<u>52,157.59</u>	<u>59,208.20</u>
Net Deferred Tax		4,025.85	3,278.03
TOTAL		<u><u>88,794.08</u></u>	<u><u>90,026.23</u></u>
APPLICATION OF FUNDS			
Fixed Assets	5	36,221.98	31,101.93
Investments	6	567.57	1,086.80
Current Assets, Loans and Advances	7	92,625.70	100,845.90
Less : Current Liabilities and Provisions	8	40,881.65	43,177.28
Net Current Assets		<u>51,744.05</u>	<u>57,668.62</u>
Deferred Expenditure (To the extent not written off)	9	260.48	168.88
TOTAL		<u><u>88,794.08</u></u>	<u><u>90,026.23</u></u>

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

THACKER BUTALA DESAI
Chartered Accountants

M. T. Desai
Partner
M. No. 30911
Firm Regi. No. 110864W

Place : Navsari
Date : 14-05-2010

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 : 10-05-2010

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

			Rs. in Lacs
	Schedule	Year ended 31-03-10	Year ended 31-03-09
INCOME			
Sales	10	103,497.02	86,538.48
Less: Excise Duty		(6,298.54)	(7,577.16)
Net Sales		97,198.48	78,961.32
Erection and other Charges		7,438.57	16,545.16
Other Income	11	2,477.18	957.72
		107,114.23	96,464.20
EXPENDITURE			
Consumption of Materials, Sub-Contracts, Erection and other charges	12	69,376.92	73,747.68
Power and Fuel		782.20	705.90
Employees' Remuneration and Benefits	13	4,351.85	4,383.22
Administrative, Selling & General Expenses	14	11,704.12	12,315.50
Interest	15	5,088.90	4,836.80
Depreciation		3,312.03	2,214.71
		94,616.02	98,203.81
(Increase)/Decrease in Stock	16	3,466.51	(10,549.64)
		98,082.53	87,654.17
PROFIT BEFORE TAXATION AND EXTRA ORDINARY ITEMS		9,031.70	8,810.03
Extra Ordinary Items		-	-
PROFIT BEFORE TAXATION		9,031.70	8,810.03
Provision for Taxation (including Wealth Tax)		1,666.35	1,812.43
Deferred Tax		747.82	1,197.48
Fringe Benefit Tax		-	55.00
PROFIT AFTER TAXATION		6,617.53	5,745.12
Adjustment of prior period		77.38	(248.09)
Balance brought forward from last year		2,008.75	5,641.37
PROFIT AVAILABLE FOR APPROPRIATION		8,703.66	11,138.40
APPROPRIATION			
Proposed Dividend		1,392.92	1,392.92
Tax on Proposed Dividend		231.35	236.73
Transfer to General Reserve		5,000.00	7,500.00
Balance Carried Forward		2,079.39	2,008.75
Earning Per Share (Rs.)			
- Before Extra Ordinary Items			
(i) Basic		7.13	6.19
(ii) Diluted		7.13	6.19
- After Extra Ordinary Items			
(i) Basic		7.13	6.19
(ii) Diluted		7.13	6.19
Face Value Per Share (Rs.)		2.00	2.00

Notes forming part of 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. 30911

Firm Regi. No. 110864W

Place : Navsari

Date : 14-05-2010

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 : 10-05-2010



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

Particulars	As at 31-03-2010		As at 31-03-2009	
	Amount	Amount	Amount	Amount
[A] CASH FLOW FROM OPERATING ACTIVITIES				
1. Net Profit before Interest, Tax , Extra- Ordinary items & Profit on sale of Assets & Investments		12,570.01		13,675.37
2. Adjustments for:				
(i) Depreciation	3,312.03		2,214.71	
(ii) Interest Income	(188.29)		(534.64)	
(iii) Dividend Income	(87.33)		(71.77)	
(iv) Gratuity	(106.00)		201.38	
		2,930.41		1,809.68
Operating Profit Before Working Capital Changes		15,500.42		15,485.05
3. Adjustments for Working Capital changes:				
[i] Trade & Other Receivables				
- Trade Receivables	(4,584.98)		2,058.03	
- Loans and Advances	2,158.21		(930.12)	
[ii] Trade & Other Payables				
- Trade Payables	1,301.67		641.58	
- Advances	(4,039.58)		7,384.34	
[iii] Inventories	8,556.21		(14,814.29)	
		3,391.53		(5,660.46)
CASH GENERATED FROM OPERATIONS		18,891.95		9,824.59
4. Less: Direct Taxes Paid	(1,800.22)		(2,587.92)	
		(1,800.22)		(2,587.92)
Add: Prior period adjustments	77.38	77.38	-	-
NET CASH GENERATED BEFORE EXTRA-ORDINARY ITEMS		17,169.11		7,236.67
5. Deferred Expenditure				
Technical Know How Fees		(157.74)		(111.62)
NET CASHFLOW FROM OPERATING ACTIVITIES [A]		17,011.37		7,125.05

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

Particulars	As at 31-03-2010		As at 31-03-2009	
	Amount	Amount	Amount	Amount
[B] CASHFLOW FROM INVESTING ACTIVITIES				
1. Purchase of Fixed Assets	(8,492.87)		(14,017.74)	
2. Sale of Fixed Assets	81.72		18.17	
3. Purchase of Investments	0.00		(141.25)	
4. Sale of Investments	2,115.03		0.99	
5. Interest Income	188.29		534.64	
6. Dividend Income	87.33		71.77	
NET CASHFLOW FROM INVESTING ACTIVITIES [B]		(6,020.50)		(13,533.42)
[C] CASHFLOW FROM FINANCING ACTIVITIES				
1. Proceeds from Long Term Borrowings	819.12		16,300.26	
2. Repayments against Long Term Borrowings	(7,518.74)		(4,487.39)	
3. Proceeds from Other Borrowings	14,434.90		39,731.45	
4. Repayments against Other Borrowings	(14,785.89)		(33,263.97)	
5. Interest Paid	(4,551.23)		(4,900.73)	
6. Dividend Paid	(1,613.65)		(1,617.62)	
NET CASHFLOW FROM FINANCING ACTIVITIES [C]		(13,215.49)		11,762.00
[D] NET INCR./(DECR.) IN CASH & CASH EQUIVALENTS [A+B+C]		(2,224.62)		5,353.63
[E] CASH & CASH EQUIVALENTS AS ON 01-04-2009/ 01-04-2008		6,105.87		752.24
[F] CASH & CASH EQUIVALENTS AS ON 31-03-2010 / 31-03-2009 [D+E]		3,881.25		6,105.87

As per our report of even date attached

For and on behalf of

THACKER BUTALA DESAI

Chartered Accountants

M. T. Desai

Partner

M. No. 30911

Firm Regi. No. 110864W

Place : Navsari

Date : 14-05-2010

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 : 10-05-2010



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-03-10	Rs. in Lacs As at 31-03-09
SCHEDULE - 1		
SHARE CAPITAL		
(A) Authorised Share Capital		
(i) 22,50,00,000 (Previous Year 22,50,00,000) Equity Shares of Rs. 2/- each	4,500.00	4,500.00
(ii) 2,50,00,000 (Previous Year 2,50,00,000) Cumulative Redeemable Preference Shares of Rs. 2/- each	500.00	500.00
	<u>5,000.00</u>	<u>5,000.00</u>
(B) Issued, Subscribed and Paid-up Capital :		
9,28,61,510 Equity Shares of Rs. 2/- each		
(Previous Year 9,28,61,510 Equity Shares of Rs. 2/- each)	1,857.23	1,857.23
Notes : Of the above		
(i) 3,42,100 Equity Shares of Rs. 2/- each in above (originally allotted 68,420 Equity Shares of Rs. 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 Rs. 2/- each in above (originally allotted 34,67,778 Equity Shares of Rs. 10 each) were issued as Bonus Shares by way of capitalisation of Share Premium and Reserve)		
(iii) 54,98,160 Equity Shares of Rs. 2/- each in above (originally allotted 10,99,632 Equity Shares of Rs. 10/- each) were issued as fully paid-up Equity Shares on conversion of Debentures)		
(iv) 27,16,787 Equity Shares of Rs. 2/- each were allotted as fully paid-up Equity Shares on conversion of FCCB of Series 'A' 9,000 nos. of \$ 1,000 each.		
(v) 6,19,07,673 Equity Shares of Rs. 2/- each in above were issued as Bonus Shares by way of capitalisation of Share Premium and Reserve	<u>1,857.23</u>	<u>1,857.23</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
(A) Capital Reserve		
As per Last Balance Sheet	-	-
Less : Transferred to Share Premium Account " For issue of Bonus Shares"	<u>-</u>	<u>-</u>
(B) Security Premium Account		
As per Last Balance Sheet	-	-
Less : Transferred to Share Premium Account " For issue of Bonus Shares"	<u>-</u>	<u>-</u>
(C) Share Premium Account		
As per Last Balance Sheet	2,878.14	2,878.14
Add : Amount transferred from Capital Reserve	-	-
Add : Amount transferred from Security Premium Account	-	-
Add : Amount arising on conversion of FCCB in to Equity Shares	-	-
Less : Amount Utilized for issue of Bonus Shares	<u>-</u>	<u>-</u>
	2,878.14	2,878.14
(D) General Reserve		
As per Last Balance Sheet	20,795.88	13,295.88
Add : Transferred during the year from Profit & Loss Account	5,000.00	7,500.00
Add : Transferred from Capital Reserve	-	-
Add : Transferred from deferred Tax on Transitional Liability for Gratuity	-	-
Less : Amount provided for Gratuity for Transitional Liability	<u>-</u>	<u>-</u>
	25,795.88	20,795.88
(E) Profit and Loss Account	<u>2,079.39</u>	<u>2,008.75</u>
	<u>30,753.41</u>	<u>25,682.77</u>

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31-03-10	Rs. in Lacs As at 31-03-09
SCHEDULE - 3		
SECURED LOANS		
(See Note 2 of Schedule-17)		
A. Loans and Advances from State Bank of India/ Bank of Baroda/ Exim Bank / Axis Bank / Citi Bank / HDFC Bank / IDBI Bank		
(a) Cash Credit / Working Capital Demand Loan	18,870.32	32,295.72
(b) Term Loan (Repayable within a year Rs. 5,558.04 Lacs Previous Year Rs. 6,229.08 Lacs)	14,270.17	19,962.87
B. Other Loans and Advances		
(a) HP from Other Banks (Repayable within a year Rs. 85.38 Lacs Previous Year Rs. 58.02 Lacs)	147.21	102.33
	<u>33,287.70</u>	<u>52,360.92</u>

SCHEDULE - 4

UNSECURED LOANS

A. Short Term Loan from Banks :		
a. From : Standard Chartered Bank	303.17	1,180.00
b. From : Vijaya Bank	2,998.26	-
c. From : Bank of Nova Scotia	3,999.95	-
B. Working Capital Demand Loan :		
a. From : Indusind Bank	3,750.00	4,234.65
C. Loans and Advances from Others : (Repayable within a year Rs. 253.37 Lacs Previous Year Rs. 1,036.22 Lacs)	380.06	1,430.87
D. Commercial Papers	7,436.69	-
E. Interest accrued and due on above	1.76	1.76
	<u>18,869.89</u>	<u>6,847.28</u>



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE - 5

FIXED ASSETS:

Rs. in Lacs

SR. NO. OF ASSETS	NATURE OF ASSETS	COST AS AT 01-04-2009	ADDITIONS AND TRANSFERS DURING THE YEAR AT COST	DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. DURING THE YEAR AT COST	COST AS AT 31-03-2010	DEPRECIATION UP TO 01-04-2009	DEPRECIATION ON DEDUCTIONS/ TRANSFERS AND ADJUSTMENTS ETC. MADE DURING THE YEAR	DEPRECIATION FOR THE YEAR ENDED 31-03-10	ACCUMULATED DEPRECIATION UP TO 31-03-10	NET BLOCK AS AT 31-03-09	
										AS	AT
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	Land (Freehold)	2,065.20	45.04	-	2,110.24	-	-	-	-	2,110.24	2,065.20
2.	Buildings	2,562.22	1,959.11	-	4,521.33	857.37	-	297.29	1,154.66	3,366.67	1,704.85
3.	Plant and Machinery	33,958.62	7,150.75	1,216.81	39,892.56	10,828.91	1,204.60	2,623.45	12,247.76	27,644.80	23,129.71
4.	Electrical Installations	201.57	2.62	-	204.19	131.12	-	9.62	140.74	63.45	70.45
5.	Electrical Fittings	62.10	1.09	-	63.19	50.42	-	2.90	53.32	9.87	11.68
6.	Office Equipments	2,544.55	133.34	-	2,677.89	1,841.53	-	257.32	2,098.85	579.04	703.02
7.	Air Conditioning Plant	262.26	24.44	0.76	285.94	148.86	0.59	17.19	165.46	120.48	113.40
8.	Sundry Equipments	309.15	5.56	-	314.71	101.81	-	29.16	130.97	183.74	207.34
9.	Furniture and Fixtures	364.31	47.42	-	411.73	290.99	-	15.65	306.64	105.09	73.32
10.	Vehicles	431.43	147.32	131.16	447.59	219.84	82.74	59.44	196.54	251.05	211.59
11.	Site Office Equipments	12.64	-	-	12.64	12.63	-	0.00	12.63	0.01	0.01
TOTAL		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
Previous Year Mar-09		30,055.88	12,797.93	79.76	42,774.05	12,340.69	71.92	2,214.71	14,483.48	28,290.57	17,715.19

Stock of Construction Materials, Buildings under Construction, Capital Work-in-Progress and Capital Goods-in-Transit (At Cost)

2,811.36	1,787.54	2,811.36
1,591.55	2,811.36	1,591.55
45,585.41	52,729.56	36,221.98
31,647.43	45,585.41	31,101.94
		31,101.93
		19,306.74

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

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in Lacs

As at 31-03-10

As at 31-03-09

SCHEDULE - 6

INVESTMENTS (AT COST) - LONG TERM

Quoted :

(1) Non-Trade Investment

(A)	9,58,426 Shares (Previous Year 9,58,426 Shares) of Rs. 10/- each of M/s. Eimco Elecon (India) Ltd. (Market Value Rs. 2,206.78 Lacs Previous Year Rs. 1,260.33 Lacs)	217.29	217.29
(B)	58,880 Shares (Previous Year 1,16,880 Shares) of Rs. 10/- each of HDFC Ltd. (Market value Rs. 1,599.89 Lacs Previous Year Rs. 1,649.41 Lacs)	33.85	67.19
(C)	500 Shares (Previous Year 500 Shares) of Rs. 10/- each of HDFC Bank Ltd. (Market Value Rs. 9.67 Lacs Previous Year Rs. 4.84 Lacs)	0.05	0.05
(D)	10,789 Shares (Previous Year 10,789 Shares) of Rs. 10/- each of Bank of Baroda (Market Value Rs. 70.23 Lacs Previous Year Rs. 25.77 Lacs)	21.19	21.19

Unquoted :

(1) Trade Investment

(A)	Nil Shares of Rs. 100/- each fully paid of Prayas Engineering Ltd. (Previous Year 250 Shares of Rs. 100/- each)	-	0.10
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(2) Non-Trade Investment

(A)	2,49,500 Shares (Previous Year 2,49,500 Shares) of Rs. 10/- each of Wizard Fincap Ltd.	24.95	24.95
(B)	1,29,965 Shares (Previous Year 1,29,965 Shares) of Rs. 10/- each of Ringspann Elecon (India) Ltd.	13.00	13.00
(C)	2,00,000 Shares (Previous Year 2,00,000 Shares) of Rs.10/- each of Eimco Elecon Electricals Ltd.	20.00	20.00
(D)	Nil Shares (Previous Year 12,000 Shares) of Rs.10/- each of Madhuban Prayas Resorts Ltd.	-	1.20
(E)	12,500 Shares (Previous Year 12,500 Shares) of Rs.10/- each of DRA (India) Ltd.	1.25	1.25



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in Lacs

As at 31-03-10

As at 31-03-09

(3) Investment in Foreign Companies

(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

(4) Investment in Bonds / Funds

(A)	Investment in Reliance Fund (Previous Year 5,33,814 Nos. NAV as on 31-03-09 Rs. 96.30 Lacs)	-	135.00
(B)	Investment in Principal Growth Fund (Previous Year 2,62,995 Nos. NAV as on 31-03-09 Rs. 33.95 Lacs)	-	66.15
(C)	Investment in Franklin India Flexicap (Previous Year 8,33,697 Nos. NAV as on 31-03-09 Rs. 99.29 Lacs)	-	156.32
(D)	Investment in Rural Elec. Corp. Bond (90 Nos. of Bonds of Rs. 10,000/- each) (Previous Year 590 Nos. of Rs. 10,000/- each)	9.00	59.00
(E)	Investment in Principal Resurgent India Fund (Previous Year 5,94,683 Nos. NAV as on 31-03-09 Rs. 46.48 Lacs)	-	77.11

(5) Investment in Others

(A)	1 Share (Previous Year 1 Share) of Rs. 100/- each of Charotar Gramoddhar Sahakari Mandal Limited	0.00	0.00
(B)	80 Shares (Previous Year 80 Shares) of Rs. 10/- each of Karamsad Urban Co-operative Limited	0.01	0.01
(C)	100 Shares (Previous Year 100 Shares) of Rs. 10/- each of Anand Auto Vehicle Owners Co-operative Credit Society Ltd.	0.01	0.01
(D)	1 Share (Previous Year 1 Share) of Rs. 10/- each of Anand Mercantile Co-operative Bank Limited	0.00	0.00
(E)	10 Shares (Previous Year 10 Shares) of Rs. 500/- each of Charotar Gas Sahakari Mandali Limited	0.05	0.05
		<u>567.57</u>	<u>1,086.80</u>

Aggregate value of Quoted Investment Rs. 3,886.56 Lacs
(Previous Year Rs. 2,940.35 Lacs)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in Lacs

As at 31-03-10

As at 31-03-09

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	1,193.30	1,461.36
(II)	Stock-in-Trade (as taken, valued and certified by the Management)		
(i)	Raw Materials (at lower of cost or net realisable value)	9,420.77	14,317.94
(ii)	Semi-Finished Goods (at lower of cost or net realisable value)	19,064.99	21,378.85
(iii)	Finished Goods (at lower of cost or net realisable value)	1,605.46	2,758.11
(iv)	Goods-in-Transit (at Cost)	233.94	158.40
(III)	Sundry Debtors (Unsecured, Considered Good) :	51,758.55	47,173.58
(i)	Outstanding for a period exceeding six month	13,166.55	11,959.53
(ii)	Others	38,592.00	35,214.05
(IV)	Cash and Bank Balances :		
(a)	Cash on Hand	8.25	5.40
(b)	Balance with Scheduled Banks:		
(1)	In Current Account	1,288.81	745.24
(2)	Bank Deposit	2,535.60	5,322.64
(3)	Unpaid Dividend Bank Account	48.59	32.59

(B) Loans and Advances (Unsecured Considered Good) :

(1)	Loans to Staff	7.00	11.47
(2)	Advances recoverable in Cash or in Kind or for value to be received	3,195.54	4,503.31
(3)	Balance with Collector of Custom, Port Trust, Excise etc.	1,092.35	1,938.34
(4)	Advance Payment of Income Tax (Net of Provision)	1,172.54	1,038.67
		<u>92,625.70</u>	<u>100,845.90</u>



SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in Lacs

As at 31-03-10

As at 31-03-09

SCHEDULE - 8

CURRENT LIABILITIES AND PROVISIONS

(A) Current Liabilities

* Sundry Creditors (Refer Note No. 8 of Schedule 17)	29,469.48	28,167.81
Advance from Customers	8,529.91	12,569.49
Dividend Warrants issued but not encashed (Unpaid)	48.59	32.59
Interest accrued but not due	634.83	97.16
	<u>38,682.81</u>	<u>40,867.05</u>

(B) Provisions

Provision for Gratuity	574.57	680.58
Proposed Dividend	1,392.92	1,392.92
Tax on Proposed Dividend	231.35	236.73
	<u>40,881.65</u>	<u>43,177.28</u>

* Includes an amount of Rs. 4,148.33 Lacs (Previous Year Rs. 3,983.82 Lacs) on account of Acceptances.

SCHEDULE - 9

DEFERRED EXPENDITURE

Balance as per Last Year	168.88	97.12
Add : Addition during the year	157.75	111.62
	<u>326.63</u>	<u>208.74</u>
Less : Written off during the year	66.15	39.86
	<u>260.48</u>	<u>168.88</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. in Lacs

Year ended 31-03-10

Year ended 31-03-09

SCHEDULE - 10

SALES

Material Handling Equipments	51,431.59	37,490.13
Gear (Transmission Equipments)	38,357.28	36,132.05
WTG & Electricity Generation	317.53	605.24
Export Sales	6,364.92	4,064.98
Miscellaneous Sales	727.16	668.92
	<u>97,198.48</u>	<u>78,961.32</u>

SCHEDULE - 11

OTHER INCOME

* Dividend Income	87.33	71.77
** Interest Income	188.29	534.64
Profit on Sales of Assets (Net)	20.92	10.33
Profit on Sales of Investments (Net)	1,595.81	0.99
*** Miscellaneous Income	584.83	339.99
	<u>2,477.18</u>	<u>957.72</u>

* Includes an amount of Rs. 0.03 Lacs (Previous Year Rs. 0.03 Lacs) dividend on Trade Investments

** Includes an amount of Rs. 3.57 Lacs (Previous Year Rs. 2.48 Lacs) of TDS

*** Includes Rs. 48.15 Lacs as Insurance claim received (Previous Year Rs. 38.79 Lacs)

SCHEDULE - 12

CONSUMPTION OF MATERIALS, SUB-CONTRACTS, ERECTION AND OTHER CHARGES

Raw Materials Consumed	57,859.71	58,655.28
Stores, Tools and Spares Consumption	1,365.39	2,196.81
Sub-Contracts	8,493.07	11,337.66
Erection and other charges	828.55	416.20
Other manufacturing expenses	735.94	1,041.62
**** Technical Know How and Design Fees	94.26	100.11
	<u>69,376.92</u>	<u>73,747.68</u>

**** Includes Rs. 66.15 Lacs as Written off for Deferred Expenditure (Previous Year Rs. 39.86 Lacs)



SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. in Lacs

Year ended 31-03-10

Year ended 31-03-09

SCHEDULE - 13

EMPLOYEES' REMUNERATION AND BENEFITS

Salaries and Wages (Incl. Managerial Remuneration)	3,779.46	3,735.40
Contribution to Provident Fund	185.33	154.25
Employees' Welfare Expenses	190.41	162.72
Employees' Retirement Benefits	196.65	330.85
	<u>4,351.85</u>	<u>4,383.22</u>

SCHEDULE - 14

ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

Rent	12.32	8.03
Computer Software Charges	165.28	165.69
Rates & Taxes	114.47	141.28
Excise Duty (Excluding duty recovered from Customers)	127.10	(149.56)
Repairs and Maintenance :		
Buildings	179.44	200.85
Machineries	741.12	646.98
Others	66.95	62.34
Insurance (Net of Recoveries)	122.77	134.91
Travelling Expenses	256.41	343.56
Bank Charges	736.39	912.59
Directors' Fees	6.01	7.20
Packing, Forwarding & Distribution Expenses (Net of Recoveries)	576.55	600.27
Commission & Brokerage	5,112.92	4,219.48
Rectification Expenses	89.08	51.30
Bad Debts Written Off	278.86	588.26
Liquidated Damages	437.09	395.32
Advertisements & Sales Promotion Expenses	583.56	411.14
Payment to Auditors	22.39	21.21
Donations	419.05	443.64
Lease Rentals	45.43	73.44
Royalty Paid	74.04	13.73
Technical Inspection Consultancy Fees	4.40	1.81
Other Professional Consultancy Fees	721.38	900.85
General Administrative Charges	643.70	769.58
Loss on account of Exchange Variation (Net)	167.41	1,351.60
	<u>11,704.12</u>	<u>12,315.50</u>

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rs. in Lacs

Year ended 31-03-10

Year ended 31-03-09

SCHEDULE - 15

INTEREST

On Fixed Period Loan	1,363.19	1,064.82
On Working Capital	3,465.01	3,110.96
On Others	260.70	661.02
	<u>5,088.90</u>	<u>4,836.80</u>

SCHEDULE - 16

(INCREASE) / DECREASE IN STOCK

Opening Stock :

Semi-finished Goods (WIP)	21,378.85	12,282.45
Finished Goods	<u>2,758.11</u>	<u>1,304.87</u>
	<u>24,136.96</u>	<u>13,587.32</u>

Closing Stock :

Semi-finished Goods (WIP)	19,064.99	21,378.85
Finished Goods	<u>1,605.46</u>	<u>2,758.11</u>
	<u>20,670.45</u>	<u>24,136.96</u>

(Increase)/Decrease in Stock

	<u>3,466.51</u>	<u>(10,549.64)</u>
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SCHEDULE FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH 2010.

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 accounts have been prepared on the basis of historical costs. The Company adopts the accrual system of accounting and the accounts are prepared on a going concern concept.

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 & Machinery 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 to 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 good 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 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) Deferred Revenue Expenditure

Expenditures like Technical Know How Expenditures, which are having the benefits of enduring nature, are treated as deferred revenue 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 :-

(Rs. in Lacs)

PARTICULARS	Gratuity Funded	Leave Encashment
Expense recognized in the Statement of Profit & Loss for the year ended March 31, 2010		
Current Service Cost	61.04	32.23
Interest Cost	75.75	12.80
Employer Contribution	-	-
Expected Return on Plan Assets	(34.47)	-
Net Actuarial (Gains) / Losses	(3.99)	(24.66)
Past Service Cost	-	-
Settlement Cost	-	-
Total Expenses	98.33	20.36
Net Asset / (Liability) recognized in the Balance Sheet as at March 31, 2010		
Present value of Defined Benefit Obligation as at March 31, 2010	1047.43	164.50
Fair value of plan assets as at March 31, 2010	472.86	-
Funded status [Surplus / (Deficit)]	(574.57)	-
Net asset / (liability) as at March 31, 2010	(574.57)	164.50



Change in Obligation during the Year ended March 31, 2010

Present value of Defined Benefit Obligation at beginning of the year	973.72	164.50
Current Service Cost	61.04	32.23
Interest Cost	75.75	12.80
Settlement Cost	-	-
Past Service Cost	-	-
Employer Contributions	-	-
Actuarial (Gains) / Losses	(10.11)	(24.66)
Benefits Payments	(52.96)	(33.47)
Present value of Defined Benefit Obligation at the end of the year	1047.43	151.39

Change in Assets during the Year ended March 31, 2010

Plan assets at the beginning of the year	293.14	-
Assets acquired in amalgamation in previous year	-	-
Settlements	-	-
Expected return on plan assets	34.47	-
Contributions by Employer	204.33	-
Actual benefits paid	(52.96)	-
Actuarial (Gains) / Losses	(6.12)	-
Plan assets at the end of the year	472.86	-

Actuarial Assumptions:

Discount Rate	7.78%
Expected rate of return on plan assets	9.00%
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 Rs. 574.57 Lacs (Previous Year Rs. 680.58 Lacs.) as shown in the Balance Sheet is after adjusting the Fair value of plan assets (Invested with LIC/SBI) as at March 31, 2010 of Rs. 472.86 Lacs (Previous Year Rs. 293.14 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 asset 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)] granted by Consortium of Banks consisting of State Bank of India (As Lead Bank), Bank of Baroda, Exim Bank, Axis Bank Ltd., Citi Bank N.A., HDFC Bank Ltd. and IDBI Bank Ltd. 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 current 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.

- ii) Term Loans [3A(b)] obtained from State Bank of India, Bank of Baroda, Exim Bank, Axis Bank Ltd., ICICI Bank Ltd. & Citi Bank N.A. 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(c)] are secured by exclusive charge on respective assets purchased through those loans.

3. Contingent Liabilities

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

- a) Disputed Excise Duty Rs. 159.36 Lacs (Previous Year Rs. 229.70 Lacs), against demand notices received so far.
 - b) Disputed Sales Tax/ Works Contract Tax Rs. 347.55 Lacs (Previous Year Rs. 347.55 Lacs).
 - c) In respect of disputed Income Tax demands:
 - (i) Disputed by Company Rs. 1254.61 Lacs (Previous Year Rs. 87.67 Lacs)
 - (ii) Disputed by Income Tax Authorities Rs. 52.62 Lacs (Previous Year NIL)
 - d) Guarantees issued by the Company's Bankers Rs. 42,854.59 Lacs (Previous Year Rs. 41,730.85 Lacs)
 - e) Liability for export obligation under Export Promotion Credit Guarantee Rs. 11,759.25 Lacs (Previous Year Rs. 12,985.21 Lacs).
 - f) Sales Bills discounted under LC with Banks Rs. 2,961.27 Lacs (Previous Year Rs. 2,435.66 Lacs).
 - g) Corporate Guarantees given on account of advance received from customers Rs. 4,747.54 Lacs (Previous Year Rs. 656.14 Lacs) and on account of performance Rs. 2,200.93 Lacs (Previous Year Rs. 2,342.83 Lacs).
 - h) Unascertained amount in respect of a suit filed against the Company by a foreign collaborator for royalty and other allied matters.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 2,275.82 Lacs (Previous Year Rs. 7,225.70 Lacs).
 5. 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 Deferred Revenue Expenditure and to be written off over a period of 6 years. In this account there was an opening balance of Rs. 168.88 Lacs (Previous Year Rs. 97.12 Lacs). During the year Rs. 157.75 Lacs have been paid and have been treated as Deferred. Out of total Rs. 326.63 Lacs, Rs 66.15 Lacs (Previous Year Rs. 39.86 Lacs) has been charged to Profit & Loss Account.
 6. Profit on sale of investments shown under the head of other income in Profit & Loss Account includes an amount of Rs. 1,595.81 Lacs pertaining to profit on sale of long term investments.
 7. Sundry Debtors more than six months includes retention money amounting to Rs. 11,663.72 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.
 8. 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.
 9. The Company has received only a few Income Tax orders based on Supreme Court judgment going against the Company. However the aforesaid Income Tax orders are erroneous and incomplete. In view of above the Company has filed objections before the Income Tax authorities and has also preferred an appeal to Income Tax department to issue fresh orders in place of above orders as advised by Company counsel with all information required as per law and for the full period covered in the aforesaid Supreme Court judgment. Therefore the exact liability on account of Income Tax could not be quantified and hence no provision in the books has been made.



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

(Rs. In Lacs)

In capacity of	2009-10	2008-09
A. Auditor	15.00	11.00
B. Advisor, in respect of :		
1. Taxation Matters	2.20	2.20
2. Company Law Matters	-	-
C. In any other Capacity	4.59	6.93
D. Re-imbursement of Expenses	0.60	1.08
TOTAL	22.39	21.21

The above figures do not include Service Tax of Rs. 2.24 Lacs (Previous Year Rs. 2.22 Lacs)

Over & above the aforesaid payments an amount of Rs. 3.31 Lacs (Previous Year Rs. 1.83 Lacs) has been paid to a firm in which one of the partners of auditor's firm is interested.

- 11.** a) The sales are shown net of Sales Tax amounting to Rs. 2,062.54 Lacs.
b) The sales figure includes Deemed Export Sales of Rs. 274.80 Lacs (Previous Year Rs. 527.93 Lacs). The Gross Export Sales for the year is Rs. 6,364.92 Lacs (Previous Year Rs. 4,064.98 Lacs).

12. Managerial Remuneration

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

(Rs. in Lacs)

Sr. No.	Particulars	2009 - 10	2008 - 09
i)	Remuneration	108.00	103.50
ii)	Perquisite	0.08	0.18
iii)	Commission on Net Profit	145.00	198.00
iv)	Contribution towards PF, Gratuity & Superannuation	34.35	36.57
	TOTAL	287.43	338.25

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

(Rs. in Lacs)

Particulars	2009 - 2010	2008 - 2009
Profit as per Profit and Loss Account	9,031.70	8,810.03
Add : Managerial Remuneration	287.43	338.25
Directors' Fees	6.01	7.20
Total	9,325.14	9,155.48
Less : Capital Profit on Sale of Fixed Assets	20.92	-
Capital Profit on Sale of Investment	1,595.81	0.99
	7,708.41	9,154.49

13. Information about Business Segment

(Rs. in Lacs)

	2009 - 2010	2008 - 2009
Segment Revenue		
Material Handling Equipment	65,491.37	58,756.83
Transmission Equipment	42,592.05	39,439.60
Total	108,083.42	98,196.43
Less: Inter Segment Revenue	3,446.37	2,689.95
Net Sales / Income from Operation	104,637.05	95,506.48
Segment Profit & Loss Before Tax & Interest		
Material Handling Equipment	8,308.06	7,157.34
Transmission Equipment	6,861.52	7,273.49
Total	15,169.58	14,430.83
Less : a) Interest	5,088.90	4,836.80
b) Unallocated Corporate Expenses (Net of un-allocable income)	1,048.98	784.00
Total Profit Before Tax	9,031.70	8,810.03
Capital Employed		
1. a) Segmentwise Assets		
Material Handling Equipment	80,269.71	74,347.34
Transmission Equipment	48,577.73	57,600.49
b) Unallocated Assets	-	-
2. a) Segmentwise Liabilities		
Material Handling Equipment	32,466.32	28,133.03
Transmission Equipment	8,415.10	15,044.25
b) Unallocated Liabilities	-	-
3. a) Segmentwise Capital Employed		
Material Handling Equipment	47,803.39	46,214.31
Transmission Equipment	40,162.63	42,556.24
b) Unallocated Capital Employed	-	-
	87,966.02	88,770.55

Notes

- Since, the figures of Alternate Energy Division (AED) are not reportable segment, as per the requirements of AS – 17, they are not shown separately.
- The Company has disclosed Business Segment as primary segment.
- 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.
- The Segment Revenue, Results, Assets and Liability include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.
- 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 2009-10, the Deferred Tax Assets and Liabilities comprise of tax effect of following timing differences:

(Rs. in Lacs)

	2009 - 2010		2008 - 2009	
	Def. Tax Liabilities	Def. Tax Assets	Def. Tax Liabilities	Def. Tax Assets
Difference between book & Tax W. D. V.	4,138.94	-	2,927.27	-
Add: Reflected on account of earlier year:				
On addition of Wind Mills	-	-	239.10	-
Revision in opening balance of Deferred Tax Asset due to gratuity provision	-	-	130.69	-
Disallowance under the Income Tax Act.	-	113.09	-	19.03
Transitional Provision for Gratuity as per provision of AS – 15	-	-	-	-
	4,138.94	113.09	3,297.06	19.03
Net Deferred Tax Liability	-	4,025.85	-	3,278.03



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

	(Rs. in Lacs)	
	2009 - 2010	2008 - 2009
A) Net Profit for Basic Earnings Per Share as per P & L A/c.		
- Before Extra Ordinary Items	6,617.53	5,745.12
- After Extra Ordinary Items	6,617.53	5,745.12
Adjustments for the purpose of Diluted EPS		
- Interest on FCCB (Net of Tax)	-	-
Net Profit for Diluted Earnings Per Share		
- Before Extra Ordinary Items	6,617.53	5,745.12
- After Extra Ordinary Items	6,617.53	5,745.12
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 (Rs.)	7.13	6.19
- Diluted (Rs.)	7.13	6.19
• After Extra Ordinary Item		
- Basic (Rs.)	7.13	6.19
- Diluted (Rs.)	7.13	6.19
D) Face Value Per Share (Rs.)	2.00	2.00

16. Related Party Disclosure

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

- i) Relationship:
 - a) Subsidiary of the Company :
 - NIL
 - b) Associates and Joint Ventures
 - PWH Materials Handling Limited
 - Ringspann Elecon (India) Limited
 - Eimco Elecon (India) Limited
 - DRA (India) 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
- Elecon Australia Pty. Limited
- Elecon Africa Pty. Limited
- Elecon Singapore Pte. Limited
- Elecon Middle East FZCO
- Elecon Engineering (Suzhou) Co. Ltd., China
- Wizard Fincap Limited

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

(Rs. in Lacs)

Sr. No.	Nature of Transaction	(a)		(b)		(e)	
		2009-2010	2008 - 2009	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009
1.	Purchase of Material/finished Goods	—	—	436.94	637.32	8,748.45	11,495.79
2.	Job work Income from other Co.	—	—	2.00	4.15	23.41	65.65
3.	Job work Expenses to other Co.	—	—	36.32	6.79	2,895.41	1,158.75
4.	Sale of Finished Goods/ Consumable Stores	—	—	252.93	429.01	1,252.01	1,388.86
5.	Purchase of Fixed Assets	—	—	1.77	—	345.30	174.91
6.	Sale of Fixed Assets	—	—	—	—	—	—
7.	Expenses Charged to other Co.	—	—	99.45	90.75	163.70	145.71
8.	Exp. Charged by other Co.	—	—	138.13	—	1,077.89	145.54
9.	Sales Commission	—	—	—	—	4,747.89	3,863.51
10.	Deposit/ Loan taken	—	—	—	—	—	—
11.	Deposit/ Loan given	—	—	—	—	—	28.35
12.	Int. on above Loan/ Deposit	—	—	—	—	—	—
13.	Subscribe to Share Capital.	—	—	—	5.00	—	—
14.	Sale of Shares of Co.	—	—	—	—	1.45	—
15.	Others	—	—	—	57.03	—	42.55

Sr. No.	Nature of Transaction	Transaction with (c) & (d)	
		2009 - 2010	2008 - 2009
1.	Remuneration	287.43	338.25



16. 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)	2009 - 2010		2008 - 2009	
	Unit / Quantity	Value Rs. in Lacs	Unit / Quantity	Value Rs. in Lacs
1. Conveying Equipments	13,499.19 Tonnes	39,188.33	10,699.39 Tonnes	27,778.96
2. Wagon Tippler & Dust Trapping Equipments	10 Nos.	2,800.18	11 Nos.	2,148.85
3. Crushers, Screens & Feeders	733.74 Tonnes	2,920.15	530.03 Tonnes	2,012.36
4. Specialised Conveying Equipment, Stacker Reclaimers, Blender Reclaimers, Rotary Disc Loaders	2,498.51 Tonnes	7,015.46	2,333.84 Tonnes	5,683.15
5. Reduction Gears & Geared Motors	31,919 Nos.	41,897.63	33,368 Nos.	39,004.26
6. Wagon Marshalling Equipment	275.76 Tonnes	1,148.20	200.23 Tonnes	726.00
7. EOT & Goliath Cranes	—	—	—	—
8. Wind Turbine Generators	4 Nos.	1,107.00	2 Nos.	590.88
9. Axles	35 Nos.	78.12	89 Nos.	195.74
10. Others	—	1,043.41	—	821.12
TOTAL		97,198.48		78,961.32

B) Raw Materials Consumed	2009 - 2010		2008 - 2009	
	Unit / Quantity	Value Rs. in Lacs	Unit / Quantity	Value Rs. in Lacs
□ Iron & Steel	25,296 Tonnes	16,280.76	20,842 Tonnes	19,856.79
□ Pipes & Tubes	86,885 Mtrs.	552.43	98,359 Mtrs.	544.90
□ Forgings	—	3,178.57	—	4,920.28
□ Bearings	401,368 Nos.	7,130.15	483,390 Nos.	6,904.59
□ Beltings	19,276 Mtrs.	601.11	20,063 Mtrs.	762.79
□ Electricals	—	7,774.87	—	2,848.84
□ Castings	3,440 Tonnes	3,616.34	1,742 Tonnes	3,989.91
□ Other Components	—	18,725.48	—	18,827.18
TOTAL		57,859.71		58,655.28

C) Stocks

	2009 - 2010				2008 - 2009			
	Opening stock		Closing stock		Opening stock		Closing stock	
	Unit Nos.	Value Rs. in Lacs	Unit Nos.	Value Rs. in Lacs	Unit Nos.	Value Rs. in Lacs	Unit Nos.	Value Rs. in Lacs
Reduction Gears & Geared motors	1,184	2,758.11	928	1605.46	2,374	1,304.87	1,184	2,758.11

D) Capacity and Production

(Certified by the Management)

	2009 - 2010				2008 - 2009		
	Capacity*				Capacity*		
	Unit	Licensed	Installed	Actual Production+	Licensed	Installed	Actual Production +
Conveying Equipments	Tonnes	28,000	15,000	13,499.19	28,000	15,000	10,699.39
Wagon Tippler & Dust Trapping Equipment	Nos.	16 Sets each	16 Sets each	10	16 Sets each	16 Sets each	11
Crushers, Screens & Feeders	Tonnes	1,500	1,000	733.74	1,500	1,000	530.03
Specialised Conveying Equipment, Stacker Reclaimers, Blender Reclaimers, Rotary Disc, Loaders etc.	Tonnes	10,000	3,000	2,498.51	10,000	3,000	2,333.84
Reduction Gears and Geared Motors	Nos.	55,000	55,000	31,663	55,000	55,000	32,178
Wagon Marshalling Equipment	Tonnes	300	300	275.76	300	300	200.23
EOT Cranes & Goliath Cranes	Nos.	230	100	—	230	100	—
Wind Turbine Generators	Nos.	2,500	50	4	2,500	50	2
Axles**	Nos.	1,500	1,500	35	1,500	1,500	89

* As certified by the Management.

** For Captive consumption

+ As per DGTD return.

(Rs. in Lacs)

E) Value of Imports on C.I.F. basis

	2009 - 2010	2008 - 2009
Raw Material	4,815.86	10,201.19
Stores and Spares	275.70	314.05
Capital Goods	4,775.96	8,500.72

F) Expenditure in Foreign Currency

	2009 - 2010	2008 - 2009
Interest	1,362.03	1,365.76
Technical know how	127.75	208.73
Technical Consultancy Fees	2.01	—
Legal and Professional fees	83.94	355.67
Others	181.06	84.98
TOTAL	1,756.79	2,015.14



G) Value of Raw Materials consumed

	2009 - 2010		2008 - 2009	
	Value Rs. in Lacs	% of Total Consum.	Value Rs. in Lacs	% of Total Consum.
Imported	6,112.67	11	9,181.56	16
Indigenous	51,747.04	89	49,473.72	84
TOTAL	57,859.71	100	58,655.28	100

H) Value of Stores and Spares Consumed

	2009 - 2010		2008 - 2009	
	Value Rs. in Lacs	% of Total Consum.	Value Rs. in Lacs	% of Total Consum.
Imported	84.72	6	152.79	7
Indigenous	1,280.67	94	2,044.02	93
TOTAL	1,365.39	100	2,196.81	100

	(Rs. in Lacs)	
	2009 - 2010	2008 - 2009
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	3,618.18	2,952.11
□ Conveying Equipments	2,746.74	1,112.87
□ Interest	0.00	15.43

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. 30911
Firm Reg. No. 110864W

Place : Navsari
Date : 14-05-2010

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 : 10-05-2010

BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

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

Public Issue Rights issue

Bonus issue Private placement

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

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserve & Surplus

Secured Loans Un secured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

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

Turnover Total Expenditure

Profit/Loss Before Tax Profit/Loss After Tax

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

Earning per Share in Rs. Dividend Rate %

(Basic after extraordinary item)

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

Item Code No.	Product Description
<input type="text" value="843139.01"/>	<input type="text" value="ELEVATORS, CONVEYORS & MOVING MACHINERY (Conveying Equipments)"/>
<input type="text" value="842299.00"/>	<input type="text" value="GEARS (Reduction Gears)"/>
<input type="text" value="847420.02"/>	<input type="text" value="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 : 10-05-2010



NOTICE

NOTICE IS HEREBY GIVEN THAT the Fiftieth 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 Friday, the 30th day of July, 2010 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 2010, 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 Hasmukhlal S. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. A. C. Shah, 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."

By order of Board of Directors

Registered office:
Anand Sojitra Road
Vallabh Vidyanagar – 388 120
Gujarat
Date : 10-05-2010

Paresh M. Shukla
Company Secretary

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 Thursday, 1st July, 2010 to Wednesday, 7th July, 2010 (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 2010-2011 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 shareholders 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., 308, 1st Floor, Jaladhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vasna Road, Vadodara —390015, 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, 2010 when declared at the meeting will be paid:
 - (i) to those members whose names appear in the Register of Members of the Company on Thursday, the 1st Day of July, 2010.
 - (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 Wednesday, the 30th June, 2010.
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 pms hukla@mhe.elecon.com for Redressal of shareholders'/investors' complaints/grievances. Hence, please write to us at pms hukla@mhe.elecon.com.

By order of Board of Directors

Registered Office :

Anand-Sojitra Road
Vallabh Vidyanagar - 388 120
Gujarat

Date : 10-05-2010

Paresh M. Shukla
Company Secretary



**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 Hasmukhlal S. Parikh	Dr. A. C. Shah
Date of Birth	16-03-1927	16-10-1932
Date of Appointment	29-06-1998	29-06-1998
Expertise in specific Functional areas	<ul style="list-style-type: none"> ♦ Senior Chartered Accountant with Accounting, Finance & Audit background. ♦ He is partner in Parikh & Shah, Chartered, Accountants, Mumbai 	<ul style="list-style-type: none"> ♦ Economic, Banking, Finance & Rural Development. ♦ He was Ex-Chairman & Managing Director of Bank of Baroda. ♦ He was also appointed as an Advisor to Unit Trust of India for setting up of UTI Bank. ♦ He has chaired several committees on banking, amongst them, one being the RBI Committee for functioning of Non-Banking Financial Companies (NBFCs)
Qualifications	B. Com, F.C.A	M. A., Ph. D (Economics)
List of Public/Private Companies in which outside Directorship held as on 31st March, 2010	<ul style="list-style-type: none"> ♦ Eimco Elecon (India) Limited ♦ The Supreme Industries Limited. ♦ Simplex Castings Limited 	<ul style="list-style-type: none"> - S. Kumar Nationwide Limited - Adani Enterprises Limited - Gold Creast Finance (India) Ltd. - Gujarat Petrosynthesis Ltd. - Benchmark Mf:Trustee Company Private Limited - Brandhouse Retails Ltd. - Goenka Diamond & Jewelers Ltd.
Chairman/Member of the Committees of the Public Companies in which he is a Director as on 31st March 2010	<ul style="list-style-type: none"> - Supreme Industries Limited Audit Committee - Chairman Remuneration Committee – Chairman - Simplex Castings Limited Audit Committee - Member Shareholders/Grievance Committee - Member Remuneration Committee – Member - Eimco Elecon (India) Limited Audit Committee - Member Remuneration Committee - Member Investors Grievance Committee - Member. 	<ul style="list-style-type: none"> - S. Kumars Nationwide Limited Audit Committee - Chairman - Adani Enterprises Limited Audit Committee - Member Shareholders/Grievance Committee - Member Remuneration Committee – Member - Gujarat Petrosynthesis Ltd. Audit Committee - Member Remuneration Committee – Member - Benchmark MF: Trustee Company Private Ltd. Audit Committee – Member - Gold Creast Finance (India) Ltd. Audit Committee – Member - Brandhouse Retails Ltd. Audit Committee – Member - Goenka Diamond & Jewelers Ltd. Audit Committee – Member Shareholders/Grievance Committee – Member

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 50th Annual Meeting of the Company to be held on Friday, 30th day of July, 2010 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) 236457, 236527
Website : www.elecon.com

Dear Shareholder,

RE : Electronic Credit of Dividend

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 System (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, 2010.

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 Intime 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.
308, 1st floor, Jaldhara Complex,
Opp. Manisha Society,
Off. Old Padra Road, Vasna Road,
VADODARA - 390 015.

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. :

S.B.	Current	Cash Credit

 Current A/c. or Cash Credit)
with code
7. 9-Digit MICR Code Number of the Bank :

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 & 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 :

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(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.