

EIMCO ELECON (INDIA) LIMITED



**ANNUAL REPORT
1999-2000**

EIMCO ELECON (INDIA) LIMITED

BOARD OF DIRECTORS

Mr. B.I. Patel	—	<i>Chairman & Managing Director</i>
Mr. Ilkka Hakala		
Mr. Carl Schrock		
Mr. Hans C. Gass		
Mr. P.M. Patel		
Mr. H.S. Parikh		
Mr. P.B. Patel		
Mr. N.S. Patel		
Mr. C.T. Dave	—	<i>Executive Director</i>

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs Talati & Talati
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Anand

REGD. OFFICE & WORKS

Vallabh Vidyanagar
Gujarat - Pin 388 120

EIMCO ELECON (INDIA) LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of the Members of EIMCO ELECON (INDIA) LTD. will be held on Thursday, the 28th September 2000, at 11.00 a.m. at the registered office of the company at Vallabh Vidyanagar 388 120, Gujarat state to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. H.S. Parikh, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Carl Schrock, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

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

By order of the Board,

Nilesh D. Shelat

Company Secretary

Date : 21st June, 2000

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY/PROXIES FORM/S IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

- B. The Register of Members & Share Transfer Books of the Company will remain closed from 5-9-2000 to 15-9-2000 (both days inclusive).

- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2000, when declared at the meeting, will be paid :

- i. to those members whose names appear in the Register of Members of the Company on 5-9-2000.
- ii. in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 4-9-2000.

- D. The members are requested to intimate to the Company if there is any change in their registered address, and in case the shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.

- E. The members desiring to have any information on accounts are requested to write to the Company addressed to Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.

- F. The members are requested to bring with them their copy of Annual Report as no arrangement has been made to distribute additional copies as a measure of economy.

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

By order of the Board,

Nilesh D. Shelat

Company Secretary

Date : 21st June, 2000

EIMCO ELECON (INDIA) LIMITED**INFORMATION PURSUANT TO LISTING AGREEMENT WITH THE STOCK EXCHANGES**

The names and addresses of the Stock Exchanges where the Company's shares are listed :

<u>Name of the Stock Exchange</u>	<u>Address</u>
i. Vadodara Stock Exchange Ltd. (Regional Stock Exchange)	Fortune Towers Dalal Street Sayaji Gunj Vadodara – 390 005
ii. The Stock Exchange, Ahmedabad	Kamdhenu Complex Opp. Sahajanand College Near Polytechnic Panjara Pole Ahmedabad – 380 015
iii. The Stock Exchange, Mumbai	Phiroze Jeejeebhoy Towers 25th Floor Dalal Street Mumbai – 400 001
iv. The National Stock Exchange of India Ltd.	Trade World Senapati Bapat Marg Lower Parel Mumbai – 400 013

The listing fee for the year 1999-2000 for all the above Stock Exchanges have been paid in time and there being neither delisting nor suspension of company's shares from trading during the period under review.

OTHER INFORMATION

- | | | |
|--------------------------|---|--|
| 1. Date & Time of AGM | : | 28th September 2000 at 11.00 a.m.
at Regd. Office
Vallabh Vidyanagar |
| 2. Rate of dividend | : | 27% |
| 3. Dividend payment date | : | 1st November 2000 |

DIRECTORS' REPORT

To :

The Members of EIMCO ELECON (INDIA) LTD.

The Directors have pleasure in presenting their Twenty-Sixth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2000.

1. FINANCIAL RESULTS

	31-03-2000 (Rs.)	31-03-1999 (Rs.)
GROSS PROFIT	153,061,823	140,361,356
Less : Depreciation	21,719,269	19,649,275
PROFIT BEFORE TAX	131,342,554	120,712,081
Less : Provision for taxation	48,000,000	44,000,000
PROFIT AFTER TAX	83,342,554	76,712,081
 Add : Excess/short provision for taxation for earlier year	 —	 1,024,755
Add : Balance brought forward from last year	14,304,357	13,855,369
	97,646,911	91,592,205
 APPROPRIATED AS		
Proposed Dividend	15,574,640	15,574,640
Tax on distributed Profit	3,426,421	1,713,210
Transfer to General Reserve	65,000,000	60,000,000
Balance Carried Forward	13,645,850	14,304,355
	97,646,911	91,592,205

2. PERFORMANCE & MARKET CONDITION

During the year under review, the Company has achieved the highest ever turnover of Rs.671.45 million (previous year Rs.610.10 million). The net profit stood at Rs.83.34 million (previous year Rs.76.71 million).

As reported last year, your Company is actively pursuing for technology transfer for new products to broad-base the product profile. We are happy to be able to report that an agreement has already been signed with our Collaborators for additional products relating to our core business. We expect that over a period of next 5 years this product range will contribute significantly to the top and bottom line of the Company. We have also signed an agreement for manufacture of a new

design of Load Haul Dump machines for use in both Coal and Hard Rock mines. These incorporate the latest technology and some extra features for use in specialized Coal mining methods.

Your Company views the next few years as a period of change. As the Mining Industry gears itself up for the new Millennium by adopting organizational and sectoral restructuring and adopting new working methods, so will your Company in tandem by developing new and better products even while remaining competitive in its traditional offerings.

3. DIVIDEND

Your Directors recommend for your consideration a dividend of 27% for the year ended 31st March, 2000.

4. INSURANCE

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

5. FIXED DEPOSITS

There are no outstanding deposits which are matured as at 31st March 2000.

6. DIRECTORS

Mr. H.S. Parikh and Mr. Carl Schrock, retire by rotation and being eligible, offer themselves for re-appointment.

During the year, Mr. R.W. Eltringham has resigned from the Board. The Board of Directors have placed on record their deep appreciation of the services rendered by Mr. Eltringham. Mr. Hans C. Gass has been appointed in his place.

7. DEPOSITORY

SEBI has been taking several steps in the interest of the investors and the market to accelerate the process of Dematerialisation as this will substantially reduce the risk by eliminating the possibilities of fake and forged shares entering into the market, bad deliveries and delay in transfer of shares.

The shares of your company have been included in the list in which trading is compulsory for Institutional Investors and OCBs in dematerialised form from June 26, 2000. Accordingly, your company has signed agreements with National Securities Depository Ltd. (NSDL) and Central Depository

EIMCO ELECON (INDIA) LIMITED

Services (India) Ltd. (CDSL) to enable the investors to hold and trade in the company's equity shares in electronic form.

8. Y2K

The changeover to year 2000 caused no problems in any systems or other areas of your Company's operations.

9. PERSONNEL

Industrial relations in the company were cordial throughout the year under review.

The Board of Directors of the Company wishes to place on record its sincere appreciation for the continued support and good work of all its employees.

Information as per section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 as amended, forms part of this report. However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all the shareholders of the company excluding the statement of Particulars of Employees under section 217(2A) of the Act.

Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the company.

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

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

11. AUDITORS

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

12. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Vallabh Vidyanagar
Date : 21st June, 2000

B. I. PATEL
CHAIRMAN

ANNEXURE-I TO DIRECTORS' REPORT - ITEM NO.10

Particulars required to be disclosed in the report of Board of Directors pursuant to Section 217(1)(e) of the Companies Act 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the year ended 31st March 2000.

[A] CONSERVATION OF ENERGY :

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

[B] TECHNOLOGY ABSORPTION :

Form B (rule 2)

Research & Development (R & D)

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

1. Benefit derived as a result of the above R & D :

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

2. Future plan of action :

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

3. Expenditure :

1. Capital	Rs. 272,600
2. Recurring	Rs. 1,175,383
Total :	Rs. 1,447,983
3. Total R & D Expenditure	
percentage of total turnover	: 0.21%

[C] TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :**1. Efforts, in brief, made towards technology absorption, adaptation & innovation.**

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

2. Benefits derived as a result of above efforts

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

3. Technology imported

[a] Year of Imports : The company has signed two new Collaboration Agreements in 1999 as mentioned below :

i. Agreement dated 1-6-1999 with Sandvik Tamrock Secoma SA, France for manufacture of CTX models of Load Haul Dumps products.

ii. Agreement dated 2-12-1999 with Driltech Mission LLC, USA for manufacture of Rotary Blasthole Drills and DTH Drills.

[b] Whether technology fully absorbed :

Transfer of technology for the above mentioned new products is in progress.

[C] FOREIGN EXCHANGE EARNING & OUTGO :

1. During the year the Company has exported goods worth Rs.1,524,721 and continues to make efforts to push up exports. The Company has also earned commission to the extent of Rs.236,968/-.

2. Foreign Exchange used & earned :

<u>Used</u>	<u>Earned</u>
Rs.165,380,017	Rs.1,761,689

For and on behalf of the Board

Place : Vallabh Vidyanagar
Date : 21st June, 2000

B. I. PATEL
CHAIRMAN