

EIMCO ELECON (INDIA) LIMITED

Report  junction.com

ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

Mr. B.I. Patel	—	<i>Chairman & Managing Director</i>
Mr. Hans C. Gass		
Mr. Lasse Hakoaho		
Mr. Werner Kraher		
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-Seventh Annual General Meeting of the Members of EIMCO ELECON (INDIA) LTD., will be held on Saturday, the 29th September 2001 at 3.00 p.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 2001 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. P. M. Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. C. T. Dave, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Lasse Hakoaho, who was co-opted as an Additional Director of the company by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956 upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."

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

"RESOLVED THAT Mr. Werner Kraher, who was co-opted as an Additional Director of the company by the Board of Directors, and who holds office under Section 260 of the Companies Act, 1956 upto the date of Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."

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

"RESOLVED THAT the increase by way of revision in the salary, perquisites and commission payable to Mr. B. I. Patel, Chairman & Managing Director, with effect from 1st August 2001 to 31st August 2002, as stated in the draft of the Supplemental Agreement to be entered into by the Company with him, be and is hereby approved."

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

"RESOLVED THAT the increase by way of revision in the salary, perquisites and commission payable to Mr. C. T. Dave, Executive Director, with effect from 1st August 2001 to 31st December 2002, as stated in the draft of the Supplemental Agreement to be entered into by the Company with him, be and is hereby approved."

By order of the Board

Nilesh D. Shelat
Company Secretary

Dated : 21st July 2001

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

EIMCO ELECON (INDIA) LIMITED**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Mr. Lasse Hakoaho was appointed as an Additional Director with effect from 31-01-2001 pursuant to Section 260 of the Companies Act, 1956. Mr. Lasse Hakoaho holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. Lasse Hakoaho for appointment as director liable to retire by rotation.

Considering his extensive knowledge, business skills and managerial experience, the Board considers that the appointment of Mr. Lasse Hakoaho will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Lasse Hakoaho, none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 7

Mr. Werner Kraher has been appointed as an Additional Director with effect from 21-07-2001 pursuant to Section 260 of the Companies Act, 1956. Mr. Werner Kraher holds office upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 together with requisite deposit, signifying the intention to propose the name of Mr. Werner Kraher for appointment as director liable to retire by rotation.

Considering his extensive knowledge, business skills and managerial experience, the Board considers that the appointment of Mr. Werner Kraher will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Werner Kraher, none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 8**Revision in salary of Mr. B. I. Patel, Chairman & Managing Director**

The Board of Directors of the Company at its meeting held on 21st July 2001 unanimously resolved to increase the remuneration payable to Mr. B. I. Patel, Chairman & Managing Director from 1st August 2001 for the remaining period of his term of appointment i.e. upto 31st August 2002, subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Mr. B. I. Patel are set out in the draft of the Supplemental Agreement to be entered into by the Company with him which inter alia, contain the following terms and conditions :

Remuneration :

- (a) *Salary* : Rs. 1,20,000/- (Rupees One lac Twenty thousand) per month.
- (b) *Commission* : One percent commission on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a ceiling of 50% of the annual salary, whichever is less.

(c) Perquisites :

- i. The Chairman & Managing Director shall be entitled to perquisites including furnished accommodation or house rent in lieu thereof, gas, electricity, water and furnishings, reimbursement of actual expenditure on medical treatment for self and family and the expenditure incurred on travel and stay abroad including that of accompanying spouse, leave travel concession for self and family, club fees, medical and personal accident insurance and such other perquisites as may be determined by the Board of Directors. The total perquisites will be restricted to Rs. 5 lacs per annum.

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

EIMCO ELECON (INDIA) LIMITED

- ii. Company's contribution to Provident Fund, Superannuation Fund, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and encashment of earned leave at the end of tenure which shall not be included in computation of perquisites.
- iii. Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year of the company, the provisions of Schedule XIII to the Companies Act, 1956 shall apply.
- v. The Chairman & Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The draft of the Supplemental Agreement to be entered into by the Company with Mr. B. I. Patel is available for inspection to Members at the Registered Office of the Company on all its working days between 2.00 p.m. and 4.00 p.m., except Sunday.

The aforesaid explanatory statement may also be treated as a Notice to Members under Section 302 of the Companies Act, 1956.

Mr. B. I. Patel is concerned or interested in the resolution as it relates to him.

Mr. P. B. Patel & Mr. P. M. Patel being relatives of Mr. B. I. Patel are concerned or interested in the resolution.

None of the other Directors is interested or concerned in the aforesaid resolution.

ITEM NO. 9**Revision in salary of Mr. C. T. Dave, Executive Director**

The Board of Directors of the Company at its meeting held on 21st July 2001 unanimously resolved to increase the

remuneration payable to Mr. C. T. Dave, Executive Director from 1st August 2001 for the remaining period of his term of appointment i.e. upto 31st December 2002, subject to the approval of the Company in General Meeting. The terms and conditions including remuneration payable to Mr. C. T. Dave are set out in the draft of the Supplemental Agreement to be entered into by the Company with him which inter alia, contain the following terms and conditions :

Remuneration :

- (a) *Salary* : Rs.1,00,000/- (Rupees One lac) per month.
- (b) *Commission* : One percent commission on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a ceiling of 50% of the annual salary, whichever is less.

(c) Perquisites :

- i. The Executive Director shall be entitled to perquisites including furnished accommodation or house rent in lieu thereof, gas, electricity, water and furnishings, reimbursement of actual expenditure on medical treatment for self and family and the expenditure incurred on travel and stay abroad including that of accompanying spouse, leave travel concession for self and family, club fees, medical and personal accident insurance and such other perquisites as may be determined by the Board of Directors. The total perquisites will be restricted to Rs. 5 lacs per annum.

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

- ii. Company's contribution to Provident Fund, Superannuation Fund, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and encashment of earned leave at the end of tenure which shall not be included in computation of perquisites.

EIMCO ELECON (INDIA) LIMITED

- iii. Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year of the Company, the provisions of schedule XIII to the Companies Act, 1956 shall apply.
- v. The Executive Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The draft of the Supplemental Agreement to be entered into by the Company with Mr. C. T. Dave is available for inspection to Members at the Registered Office of the Company on all its working days between 2.00 p.m. and 4.00 p.m., except Sunday.

The aforesaid explanatory statement may also be treated as a Notice to Members under Section 302 of the Companies Act, 1956.

Except Mr. C. T. Dave, none of the other Directors is interested or concerned in the aforesaid resolution.

By order of the Board,

Nilesh D. Shelat
Company Secretary

Date : 21st July 2001

Registered Office
Anand - Sojitra Road
Vallabh Vidyanagar
Gujarat - 388120

B. The Register of Members & Share Transfer Books of the Company will be closed from 18-9-2001 to 29-9-2001 (both days inclusive).

C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2001, when declared at the meeting, will be paid :

- i. to those members whose names appear in the Register of Members of the Company on 18-9-2001.
- ii. in respect of shares held in electronic form, to those "deemed members" whose names appear of 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 17-9-2001.

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 Balance Sheet as no arrangement has been made to distribute additional copies as a measure of economy.

By order of the Board,

Nilesh D. Shelat
Company Secretary

Date : 21st July 2001

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

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.

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

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

Name of the Stock Exchange	Address
i. Vadodara Stock Exchange Ltd. (Regional Stock Exchange)	Fortune Towers Dalal Street Sayagi 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	P. J. Towers 25th Floor Dalal Street Mumbai - 400 001
iv. The National Stock Exchange of India Ltd.	Exchange Plaza, 5th floor Plot No. C/1, G Block Bandra - Kurla Complex Bandra (E) Mumbai - 400 051

The listing fee for the year 2000-2001 for all the above Stock Exchanges have been paid in time and there being neither de-listing nor suspension of company's shares from trading during the period under review.

OTHER INFORMATION

1. Date, Place & Time of AGM	: 29th September 2001 at 3.00 p.m. at Regd. Office Vallabh Vidyanagar
2. Rate of dividend	: 30%
3. Dividend payment date	: 25th October 2001
4. Book closure period	: 18-9-2001 to 29-9-2001

EIMCO ELECON (INDIA) LIMITED**DIRECTORS' REPORT**

To
The Members,
EIMCO ELECON (INDIA) LTD.

The Directors have pleasure in presenting their Twenty-Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2001.

1. FINANCIAL RESULTS

	31-03-2001 (Rs.)	31-03-2000 (Rs.)
GROSS PROFIT	172,790,816	153,061,823
Less : Depreciation	27,414,525	21,719,269
	145,376,291	131,342,554
Less : Voluntary Retirement Compensation	2,358,171	—
PROFIT BEFORE TAX	143,018,120	131,342,554
Less : Provision for Taxation	57,500,000	48,000,000
PROFIT AFTER TAX	85,518,120	83,342,554
Less : Excess/short provision for taxation for earlier year	(2,754,192)	—
Add : Balance brought forward from last year	13,645,850	14,304,357
	96,409,778	97,646,911
APPROPRIATED AS		
Proposed Dividend	17,305,155	15,574,640
Tax on distributed Profit	1,765,126	3,426,421
Transfer to General Reserve	60,000,000	65,000,000
Balance Carried Forward	17,339,497	13,645,850
	96,409,778	97,646,911

2. PERFORMANCE

During the year under review, the Company has achieved the highest ever turnover of Rs. 759.86 million (previous year 671.45 million). The net profit stood at Rs. 85.51 million (previous year Rs. 83.34 million)

3. DIVIDEND

Your Directors recommend for your consideration a dividend of 30% for the year ended 31st March, 2001.

4. INSURANCE

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

5. FIXED DEPOSITS

Ten deposits aggregating to Rs. 144,761/- though matured were not claimed as on 31st March, 2001.

6. DIRECTORS

Mr. P. M. Patel and Mr. C. T. Dave, retire by rotation and being eligible, offer themselves for reappointment.

During the year, Mr. Carl Schrock and Mr. Ilkka Hakala have resigned from the Board. The Board of Directors placed on record its sincere appreciation for the services rendered by them during their tenure with the company. Mr. Lasse Hakoaho and Mr. Werner Kraher were appointed as Additional Directors on the Board. They cease to hold office on the date of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 alongwith requisite deposits have been received from a shareholder proposing their candidature to the office of Directors.

7. CORPORATE GOVERNANCE

The Securities and Exchange Board of India and subsequently the Stock Exchanges, where the shares of your Company are listed, have prescribed certain guidelines on Corporate Governance. As per

EIMCO ELECON (INDIA) LIMITED

the implementation schedule given by the Stock Exchanges, the guidelines on corporate governance become applicable to your company during the year 2001-02. The Board of Directors has taken suitable steps in this matter to ensure due compliance of necessary requirements.

8. AUDIT COMMITTEE

The Audit Committee of the Directors, as required under Section 292A of the Companies Act, 1956 has been constituted consisting of Shri H.S. Parikh, Shri P. B. Patel and Shri N. S. Patel.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors have prepared the annual accounts on a going concern basis.

10. PERSONNEL

Industrial relations in the Company were cordial throughout the year under review. The Board of

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

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

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

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

12. AUDITORS

The Company's Auditors, 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.

13. ACKNOWLEDGEMENT

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

For and on behalf of the Board

B. I. PATEL
Chairman

Place : Vallabh Vidyanagar
Date : 21st July, 2001