

EIMCO ELECON (INDIA) LIMITED



ANNUAL REPORT 2008-2009

**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs. Talati & Talati
Chartered Accountants
Ahmedabad

BANKERS

State Bank of India
Anand

REGD. OFFICE & WORKS

Vallabh Vidyanagar
Gujarat - Pin 388 120

REGISTRAR & SHARE TRANSFER AGENTS**Mumbai Office**

Link Intime India Pvt. Ltd.
(Formerly M/s. Intime Spectrum Registry Ltd.)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078

Vadodara Office

Link Intime India Pvt. Ltd.
(Formerly M/s. Intime Spectrum Registry Ltd.)
1st Floor, 308, Jaldhara Complex
Opp. Manisha Society
Off Old Padra Road, Vasna Road
Vadodara - 390 015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Thursday, the 30th July, 2009 at 11.00 a.m. at the Registered Office of the company at Vallabh Vidyanagar 388120, Gujarat state to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date and the reports of the Directors & Auditors.
2. To declare dividend.
3. To appoint a Director in place of Mr. H. S. Parikh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. C. Amin retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :
"Resolved that Mr. Jal Patel, 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 forthcoming 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. Shreevardhan Sinha, 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 forthcoming Annual General Meeting, be and is hereby appointed as Director of the Company, whose period of office will be liable to retirement by rotation."

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

By order of the Board

Nilesh D. Shelat
Company Secretary

Date : 2nd May, 2009

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY/PROXIES FORM/S IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- B. The Register of members & Share transfer Books of the Company will be closed from 01-07-2009 to 07-07-2009 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2009 when declared at the meeting will be paid:
 - a. to those members whose names appears in the Register of Members of the Company on 01-07-2009.
 - b. in respect of shares held in electronics form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd, (CDSL) at the end of business hours on 30-06-2009.
- D. The members desiring to have any information on accounts are requested to write to the Company Secretary atleast one week in advance of the meeting to enable the Company to keep the information ready.
- E. 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.

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

By order of the Board

Nilesh D. Shelat
Company Secretary

Date : 2nd May, 2009



ANNEXURE TO THE NOTICE

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

ITEM NO.6

Mr. Jal Patel was appointed as an Additional Director with effect from 29-1-2009 pursuant to Section 260 of the Companies Act, 1956. Mr. Jal Patel 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. Jal Patel 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. Jal Patel will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Jal Patel none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

ITEM NO.7

Mr. Shreevardhan Sinha was appointed as an Additional Director with effect from 29-1-2009 pursuant to Section 260 of the Companies Act, 1956. Mr. Shreevardhan Sinha 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. Shreevardhan Sinha for appointment as director liable to retire by rotation.

Considering his extensive knowledge, the Board considers that the appointment of Mr. Shreevardhan Sinha will be in the interest of the Company and therefore, recommends the proposed resolution for approval.

Except Mr. Shreevardhan Sinha none of the Directors shall be deemed to be concerned or interested in the proposed resolution.

By order of the Board of Directors,

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

Date : 2nd May, 2009

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 35th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2009.

1. FINANCIAL RESULTS

	31-03-2009	31-03-2008
	(Rs.)	(Rs.)
Profit before Depreciation, & Provision for Taxation	307,741,097	278,596,036
Less: Depreciation	74,182,472	74,276,749
PROFIT BEFORE TAX	233,558,625	204,319,287
Less : Provision for Taxation and Deferred Tax and Fringe Benefit Tax	81,288,340	70,973,935
PROFIT AFTER TAX	152,270,285	133,345,352
Add : Balance brought forward from last year	31,650,839	25,300,375
	183,921,124	158,645,727
APPROPRIATED AS		
Proposed Dividend	23,073,540	23,073,540
Tax on distributed Profit	3,921,348	3,921,348
Transfer to General Reserve	125,000,000	100,000,000
Balance Carried Forward	31,926,236	31,650,839
Total	183,921,124	158,645,727

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of Rs.1,480.78 million (previous year Rs.1,190.34 million). The net profit stood at Rs.152.27 million (previous year Rs.133.34 million).

3. DIVIDEND

Your directors recommend for your consideration a dividend of Rs. 4/- per share of

Rs. 10/- each for the year ended 31st March, 2009.

4. INSURANCE

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

5. FIXED DEPOSITS

Four Deposits aggregating to Rs.74,000 though matured were not claimed as on 31st March 2009.

6. DIRECTORS

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

During the year Mr. N. S. Patel and Mr. U. M. Patel Directors, resigned from the Board of Directors of the company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. N. S. Patel and Mr. U. M. Patel.

Mr. Jal Patel and Mr. Shreevardhan Sinha were appointed as Additional Directors w.e.f. 29th January 2009 and will hold office upto Annual General Meeting. Notice together with deposit has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing Mr. Jal Patel and Mr. Shreevardhan Sinha's appointments in the ensuing Annual General Meeting as Directors of the Company liable to retire by rotation.

7. 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.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

9. CORPORATE GOVERNANCE

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

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

10. PERSONNEL

Industrial relations in the Company were cordial throughout the year under review. The Board of Directors of the Company wishes to place on

record its sincere appreciation for the continued support and good work of all employees.

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

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

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

12. AUDITORS

The Company's Auditors, 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

P. B. Patel
Managing Director

A. M. Deshpande
Wholetime Director

Place : Mumbai
Date : 2nd May, 2009

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

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the financial year ended 31st March 2009.

(A) Name of employees employed throughout the year :

Sr. No.	Name	Age Yrs.	Qualification	Date Of Joining	Designation	Nature Of Duty	Remuneration Received		Experi-ence (yrs)	Last Employment & Designation
							Gross	Net		
1.	Shri P. B. Patel	51	BE (Mech.) M.B.A	01-04-06	Managing Director	Overall Management	116,54,231	78,10,550	33	Elecon Engg. Co. Ltd. (Managing Director)
2.	Shri A. M. Deshpande	59	BE (Mech.) ME (Machine Design)	10-10-03	Whole time Director	Overall Management	47,73,058	27,88,668	36	L&T Case Equipment Pvt. Ltd (Sr.Deputy General Manager-Engg.)
2.	Shri Ravindra Luthra	57	B.E. (Ag.Engg) M.SC (Ag.Engg.)	26-5-04	Vice President	Head- R & D and Production	30,69,563	19,71,071	35	Escorts Construction Equipment Ltd- Head – Product Engg.

Notes:

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

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

Particulars required to be disclosed in the report of Board of Directors pursuant to section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' report for the year ended 31st March, 2009.

[A] Conservation of energy :

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

[B] Technology absorption :

Form B (rule 2)

Research & Development (R&D)

The Company has a Government recognized R & D Department 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. Nil
 2. Recurring : Rs. 70,93,561
 3. Total R & D expenditure
 - Percentage of total turnover : 0.48 %

[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 led to less dependence on imports of these products. This has saved a considerable amount of foreign exchange & cost of production.
3. **Technology imported**
 - [a] Year of Imports: The company has signed three Collaboration Agreements as mentioned below:
 - (i) Agreement dated 2-7-2004 with Voest-Alpine Bergtechnik Ges.m.b.H., Austria for manufacture of ACM-10-continuous miner.
 - (ii) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.
 - (iii) Agreement dated 12-05-2008 with Huta Stalowa Wola, S. A. Poland for manufacture of 520G Wheel Loader.
 - [b] Whether technology fully absorbed:
Transfer of Technology for the Front End Loader is absorbed and for rest products it is in progress.

[D] Foreign exchange earning & outgo:

1. During the year the Company has received the commission of Rs. 11,609,066.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 413,726,695	Rs. 11,609,066

For and on behalf of the Board

P. B. Patel
Managing Director

A. M. Deshpande
Wholetime Director

Place : Mumbai

Date : 2nd May, 2009

Corporate Governance Report

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

1. Company's philosophy

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

2. Board of Directors (the Board)

During the year 2008-2009, four (4) Board Meetings were held i.e. on

26th May 2008
29th July 2008
17th October 2008
29th January 2009

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 29th July, 08	No. of other Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other public companies	
						Member	Chairman
1	Mr. P. B. Patel	MD (P)	4	Yes	12	Nil	Nil
2	Mr. H. S. Parikh	NED (I)	4	Yes	3	4	4
3	Mr. P. M. Patel	NED (P)	2	Yes	3	4	Nil
4	Mr. N. S. Patel	NED (I)	1	No	Nil	Nil	Nil
5	Mr. U. M. Patel	NED (I)	3	Yes	4	1	Nil
6	Mr. A. M. Deshpande	WTD	4	Yes	1	Nil	Nil
7	Mr. P. C. Amin	NED (P)	4	Yes	7	Nil	Nil
8	Mr. Jal R. Patel	NED (I)	No	No	6	5	2
9	Mr. Sheevardhan Sinha	NED (I)	No	No	Nil	Nil	Nil

MD (P) : Managing Director (Promoter)

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Wholetime Director

Personal Shareholding of Non-Executive Directors is as follows:

No. of Equity shares as at the year end

Mr. P. M. Patel	NIL
Mr. H. S. Parikh	300 Shares
Mr. N. S. Patel	NIL
Mr. U. M. Patel	NIL
Mr. P. C. Amin	1200 Shares
Mr. Jal Patel	Nil
Mr. Shreevardhan Sinha	Nil

**3. Audit Committee**

The composition of the Audit Committee is as under:

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P.M.Patel	Member	NED-P
Mr. P. C. Amin	Member	NED-P
Mr. Jal Patel	Member	NED-I
Mr. Shreevardhan Sinha	Member	NED-I

The Wholetime Director, Company Secretary, Head of Accounts, Internal Auditors and Statutory Auditors are invitees to the Meetings.

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on			
	26 th May 2008	29 th July 2008	17 th October 2008	29 th January 2009
Mr. H. S. Parikh	Yes	Yes	Yes	Yes
Mr. P. B. Patel	Yes	Yes	Yes	Yes
Mr. P. M. Patel	No	Yes	No	Yes
Mr. N. S. Patel	No	No	Yes	No
Mr. P. C. Amin	Yes	Yes	Yes	Yes
Mr. Jal Patel	No	No	No	No
Mr. Shreevardhan Sinha	No	No	No	No

4. Remuneration Committee

The composition of the Remuneration Committee is as under :

Mr. H. S. Parikh (Chartered Accountant)	Chairman	NED-I
Mr. P. B. Patel	Member	MD-P
Mr. N. S. Patel	Member	NED-I
Mr. P. C. Amin	Member	NED-P

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 26 th May 2008
Mr. H. S. Parikh	Yes
Mr. N. S. Patel	No
Mr. P. B. Patel	Yes
Mr. P. C. Amin	Yes