

EIMCO ELECON (INDIA) LIMITED

ANNUAL REPORT 2012-2013

**BOARD OF DIRECTORS**

Mr. P. M. Patel	-	Chairman
Mr. P. B. Patel	-	Vice Chairman
Mr. P. C. Amin		
Mr. H. S. Parikh		
Mr. Vihang Virkar		
Mr. Nirmal Bhogilal		
Mr. Nalin M. Shah		
Mr. M. G. Rao	-	Wholetime Director

COMPANY SECRETARY

Mr. Nilesh D. Shelat

AUDITORS

Messrs Talati & Talati
Chartered Accountants
Ahmedabad

COST ACCOUNTANTS

Messrs Y. S. Thakar & Co.
Cost Accountants
Vadodara

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.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai - 400 078

Vadodara Office

Link Intime India Pvt. Ltd.
B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta, Akota.
Vadodara - 390 020.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Thursday, the 1st August, 2013 at 12.00 Noon 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 2013 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. Vihang Virkar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nirmal Bhogilal who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By order of the Board of Directors

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

Nilesh D. Shelat
Company Secretary

Date : 30th April, 2013

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 20-07-2013 to 25-07-2013 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the year ended 31st March, 2013 when declared at the meeting will be paid:
 1. To those members whose names appear in the Register of Members of the Company on 19-07-2013;
 2. 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 19-07-2013.
- D. The dividend on Equity Shares, if declared at the Meeting, will be credited/ dispatched between 01-08-2013 and 03-08-2013.
- E. 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.
- 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.



- G. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Pvt. Ltd. to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Pvt. Ltd.
- H. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or Link Intime India Pvt. Ltd., for assistance in this regard.
- I. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Link Intime India Pvt. Ltd., the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
- J. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

- K. Information as per Clause 5 of the Listing Agreement regarding 'Unclaimed Suspense Account' of Equity Shares :

	Number of Shareholders	Number of Equity Shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2012.	24	1450
Number of shareholders who approached the Company for transfer of shares from suspense account during the year .	NIL	NIL
Number of shareholders to whom shares were transferred from the suspense account during the year.	NIL	NIL
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013.	24	1450

By order of the Board of Directors

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

Date : 30th April, 2013

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

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

The Directors have pleasure in presenting their 39th Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2013.

1. FINANCIAL RESULTS

(₹ in Lacs)

	31-03-2013	31-03-2012
	(₹)	(₹)
Profit before exceptional and extraordinary items and Tax	2014.49	1656.92
Exceptional items - Income from sale of Surface Drilling Product Line	Nil	898.83
Less: Provision for Taxation	500.96	522.95
PROFIT AFTER TAX	1513.53	2032.80
Add: Balance brought forward from last year	366.45	351.82
	1879.98	2384.62
APPROPRIATED AS		
Proposed Dividend	230.74	230.74
Tax on Distributed Profit	39.21	37.43
Transfer to General Reserve	1250.00	1750.00
Balance Carried Forward	360.03	366.45
Total	1879.98	2384.62

2. PERFORMANCE

During the year under review, the Company has achieved the turnover of ₹ 17556.97 Lacs (previous year ₹ 18070.74 Lacs). The net profit stood at ₹ 1513.53 Lacs (previous year ₹ 2032.80 Lacs).

3. DIVIDEND

Your directors recommend for your consideration a dividend of ₹ 4/- (previous year ₹ 4/-) per share of ₹ 10/- each for the year ended 31st March, 2013.

4. INSURANCE

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

5. 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 were no unclaimed deposits as on 31st March, 2013.

6. DIRECTORS

Mr. Vihang Virkar and Mr. Nirmal Bhogilal 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. Jal Patel resigned from Board of Directors of the Company. Your Directors place on record their sincere appreciation for the valuable contribution made by Mr. Jal Patel.

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 they 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 the financial year;
3. that they 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 they 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.

The Certificate has been received from the Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. The Auditors have advised that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the peer Review Board of the ICAI.

13. COST AUDITORS

In compliance with the Central Government's order No.52/26/CAB-2010 dated January 24, 2012, the Board has appointed M/s. Y. S. Thakar & Co., Cost Accountants, Vadodara (Regn. No.00318) to carry out the cost Audit of the Company for the Financial year 2012-13.

14. 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 of Directors

P. B. Patel
Vice Chairman

M. G. Rao
Wholetime Director

Place : Vallabh Vidyanagar
Date : 30th April, 2013

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 2013.

Name of employees employed throughout the year :

Sr. No.	Name	Age Yrs.	Qualification	Date Of Joining	Designation	Nature Of Duty	Remuneration Received		Experience (yrs)	Last Employment & Designation
							Gross ₹	Net ₹		
1.	Mr. M. G. Rao	54	M.E. (Welding Engg.)	08-09-11	Whole time Director	Overall Management	75,29,578	37,60,022	33	McNally Sayaji Engg. Ltd. (Chief Operating Officer)

Name of employees employed for part of the year:

Sr. No.	Name	Age Yrs.	Qualification	Date of Joining	Designation	Nature of Duty	Remuneration Received		Experience (yrs)	Last Employment & Designation
							Gross ₹	Net ₹		
1.	Mr. P. B. Patel	55	BE (Mech.) M.B.A	01-04-06	Managing Director	Overall Management	57,87,446	38,57,390	37	Elecon Engg.Co. Ltd. (Managing Director)
2	Mr. D. M. Patel	60	BE (Mech.)	01-09-12	Group President	Production In Charge	42,81,491	24,75,858	36	Power Build Ltd. (Wholetime Director)

Notes:

1. The appointment of Mr. M. G. Rao, Whole Time Director is contractual.
2. Gross remuneration received includes Salary, Commission, House Rent Allowance/rent paid, Medical Expenses, Company's contribution to Provident, Superannuation and Gratuity Funds, Retirement Benefits, Monetary Value of perquisites in accordance with the provisions of the Income Tax Act, 1961.
3. Experience includes number of years service elsewhere, wherever applicable.
4. Mr. P. B. Patel, Managing Director of the Company is a relative of Mr. P. 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, 2013.

[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 resulted in saving 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 which 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	: ₹ 85.00 lacs
2. Recurring	: ₹ 170.71 lacs
3. Total R & D expenditure	
Percentage of total turnover	: 1.46 %

[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 make them suitable to the Indian mining conditions by the active involvement of the 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 and cost of production.
3. Technology imported
 - [a] Year of Imports: The company has signed Two Collaboration Agreements as mentioned below:
 - (i) Agreement dated 12-12-2006 with Ahlmann Baumaschinen GmbH, Germany for manufacture of Front End Articulated Loader.
 - (ii) Agreement dated 12-05-2008 with Huta Stalowa Wola, S.A Poland for manufacture of 520G Wheel Loader.
 - [b] Whether technology fully absorbed: Technology for the Front End Loader and 520G Wheel Loader is absorbed.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth ₹ 19.57 Lacs and continues to make efforts to push up exports.
2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
₹ 2984.03 Lacs	₹ 19.57 Lacs

For and on behalf of the Board of Directors

P. B. Patel
Vice Chairman

M. G. Rao
Wholetime Director

Place : Vallabh Vidyanagar
Date : 30th April, 2013

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 2012-2013, four (4) Board Meetings were held i.e. on
8th May 2012
30th July 2012
1st Nov. 2012
21st Jan. 2013

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at AGM held on 30 th July, 12	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	NED (P)	4	Yes	11	Nil	Nil
2.	Mr. P. M. Patel	NED (P)	4	Yes	6	4	Nil
3.	Mr. P. C. Amin	NED (P)	4	Yes	10	Nil	1
4.	Mr. Vihang Virkar	NED (I)	4	Yes	Nil	Nil	Nil
5.	Mr. H. S. Parikh	NED(I)	4	Yes	3	4	1
6.	Mr. Nalin shah	NED(I)	4	Yes	2	4	Nil
7.	Mr. Nirmal Bhogilal	NED(I)	2	Yes	3	2	Nil
8.	Mr. Jal R. Patel (upto 25-01-2013)	NED(I)	4	Yes	6	3	4
9.	Mr. M. G. Rao	WTD	4	Yes	Nil	Nil	Nil

NED (P) : Non Executive Director (Promoter)

NED (I) : Non Executive Director (Independent)

WTD : Whole-time 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. P. C. Amin	1275 Shares
Mr. Vihang Virkar	Nil
Mr. Nalin Shah	Nil
Mr. Nirmal Bhogilal	Nil
Mr. P. B. Patel	17796 Shares

3. Audit Committee

The composition of the Audit Committee is as under:

Mr. Nalin Shah (Chartered Accountant)	Chairman (from 21 st January 2013)	NED-I
Mr. H. S. Parikh (Chartered Accountant)	Member	NED-I
Mr. P. M. Patel	Member	NED-P
Mr. P. C. Amin	Member	NED-P
Mr. Vihang Virkar	Member	NED-I
Mr. Nirmal Bhogilal	Member	NED-I
Mr. Jal Patel (Chartered Accountant & Company Secretary) (upto 25-01-2013)	Chairman (upto 1 st November 2012) Member (upto 21 st January 2013)	NED-I

The Managing Director, Wholtime 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			
	8 th May 2012	30 th July 2012	1 st November 2012	21 st January 2013
Mr. Nalin Shah	Yes	Yes	Yes	Yes
Mr. P. M. Patel	Yes	Yes	Yes	Yes
Mr. Nirmal Bhogilal	No	No	Yes	Yes
Mr. H. S. Parikh	Yes	Yes	Yes	Yes
Mr. P. C. Amin	Yes	Yes	Yes	Yes
Mr. Vihang Virkar	Yes	Yes	Yes	Yes
Mr. Jal Patel	Yes	Yes	Yes	Yes

4. Remuneration Committee

The composition of the Remuneration Committee is as under :

Mr. H. S. Parikh	Chairman	NED-I
Mr. Jal Patel (upto 25-01-2013)	Member	NED-I
Mr. Vihang Virkar	Member	NED-I
Mr. P. M. Patel	Member	NED-P

Members Attendance at Committee Meeting held :

Members	Attendance at Committee Meeting held on 8 th May 2012
Mr. P. M. Patel	Yes
Mr. H. S. Parikh	Yes
Mr. Jal Patel	Yes
Mr. Vihang Virkar	Yes