

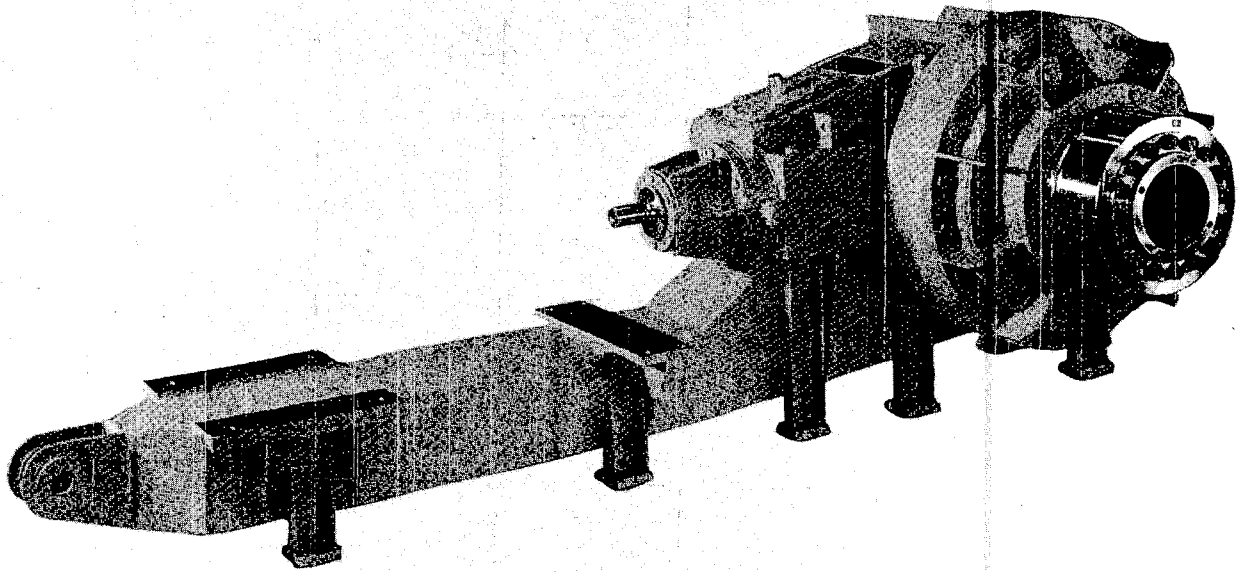


ELECON ENGINEERING COMPANY LIMITED

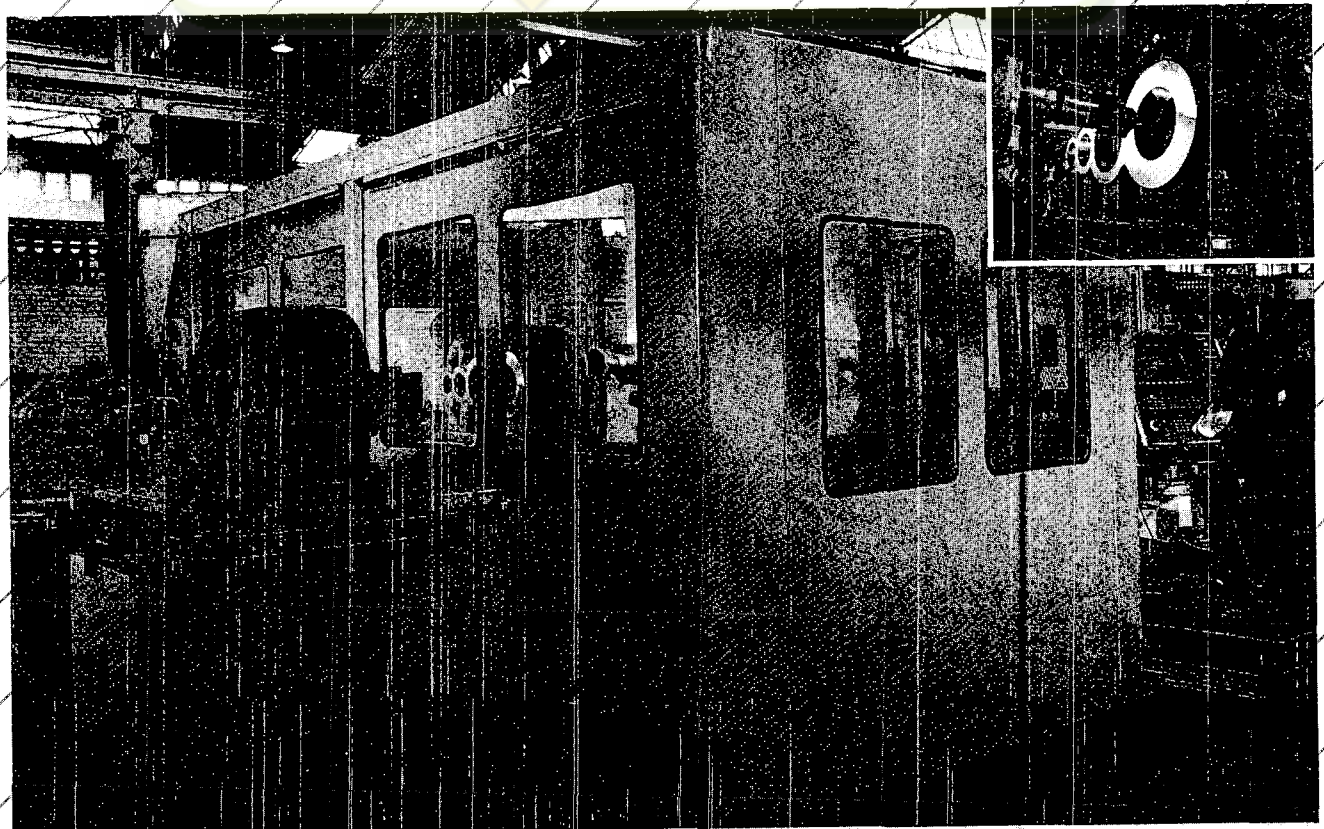
37TH ANNUAL REPORT 1996 - 97

MD	✓			KC	✓
CS	✓			DPY	✓
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓	✓	SHI	✓
YE	✓	✓	✓		✓





PLANETARY BUCKET WHEEL GEARBOX



CNC HORIZONTAL MACHINING CENTRE.

ELECON ENGINEERING CO. LTD.

Chairman for identification) subject to the condition that the Board of Directors of the Company is authorised to revise, amend, alter or otherwise vary the terms and conditions of his appointment from time to time as they deem fit but that at no time the remuneration payable to Mr. Natoobhai S Patel shall exceed the maximum limit prescribed in Section I of Part II of Schedule XIII of the Companies Act, 1956 as existing or as may be amended, in the event of the Company having adequate profits. In the event of the Company not earning profits or have inadequate profits in any financial year, Mr. Natoobhai S. Patel would be entitled to receive the remuneration to the maximum extent prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956 as existing or as may be amended."

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, the Articles of Association of the Company shall be amended in accordance with the provisions of the Companies Bill 1997, to the extent the said provisions are incorporated in the Companies Act after its amendment, by altering, substituting or deleting the existing Articles to the extent and in the manner detailed hereunder:

The existing heading of Article 6 be substituted by the following new heading :

Power of Company to purchase its own Securities

Article 6 be substituted by the following Article:

Article 6

Subject to the provisions of the Companies Act 1956, as in force, the Board of Directors is authorised to purchase from time to time such quantity or quantities of the Shares or other specified securities of the Company whether or not they are redeemable, at such rate(s) and on such terms as the Board may deem proper and make payment(s) for such purchases and to keep them alive/cancel them and/or resell from time to time such number(s) of the Shares so purchased at such rate(s) and on such terms as the Board may deem proper, in accordance with the provisions of the Companies Act and any other laws/rules and regulations as may be applicable from time to time.

10. To consider and if thought fit, to pass, with or

without modification, the following resolution as a Special Resolution:

"RESOLVED THAT, subject to the provisions of the Companies Act, 1956, as amended from time to time or any re-enactment thereof permitting the Company to buy back its own Shares, the Board of Directors of the Company ("the Board" which expression shall include the Committee thereof) be and is hereby authorised to purchase from time to time such quantity or quantities of the Shares of the Company whether or not they are redeemable, at such rate(s) as may be thought fit by the Board upto an amount not exceeding Rs. 5.50 crores (Rupees Five crore and fifty lacs only) on such terms and conditions as the Board may deem proper and make payment(s) for such purchases out of the funds from free reserves and share premium account or out of such funds as may be allowed under the laws/rules and regulations and to keep them alive/ cancel and or resell from time to time such number(s) of the Shares so purchased at such rate(s) and on such terms as the Board may deem fit and proper.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorised to raise the funds to the extent of Rs. 5.50 crores (Rupees Five crores fifty lacs only) in one or more tranches through issue, or private placement of Debentures/Bonds or any other form of securities for the purpose of buyback of Company's securities on such terms and conditions as may be decided by the Board of Directors and permissible under the law.

RESOLVED FURTHER THAT, the Board of Directors of the Company shall exercise the powers conferred by this resolutions only after necessary provisions for the purpose is incorporated in the Companies Act, 1956 or any statutory modifications or re-enactment thereof and in such manner and after complying with the conditions prescribed under such provisions or any other law or regulations and not otherwise.

RESOLVED FURTHER THAT, the Board be and is hereby authorised to decide from time to time, the terms and conditions upon which such Shares may be purchased/acquired and to do all such acts, deeds and things as may be necessary or appropriate for such purchase/acquisition of Shares."

By order of the Board of Directors,

Registered Office:
Vallabh Vidyanagar - 388 120
Gujarat
June 30, 1997.

D.D. Heranjal
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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The Instrument of Proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.

- (2) The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 15th day of September, 1997 to Wednesday, the 24th day of September, 1997 (both days inclusive).
- (4) The dividend on the Shares, if declared by the Company at the Meeting, will be paid to those Members whose names appear on the Company's Register of Members as on 24th September, 1997 and Account Payee Dividend Warrants will be posted within the statutory time limit.
- (5) Members are requested to inform the Company of any change in their address immediately so as to enable the Company to despatch dividend warrants and any future communication at their correct address.
- (6) Members intending to require information about accounts or any other matter are requested to write to the Company atleast ten days in advance of the Annual General Meeting.
- (7) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the Financial year ended on 31st March, 1993 has been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said period are requested to claim the amount not claimed so far from the Registrar of Companies, Gujarat, Jivabhai Chambers, Ashram Road, Ahmedabad 380 009 by submitting an application in the prescribed form.

**ANNEXURE TO THE NOTICE OF
37TH ANNUAL GENERAL MEETING**

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 accompanying Notice dated 30th June, 1997.

Item No. 6

Shri Bhanubhai I Patel has been acting as the Managing Director of the Company for the last 29 years. He was re-appointed as Managing Director for a period of 4 years with effect from 1st August, 1993 at the 33rd Annual General Meeting held on 30th September, 1993. His present tenure is due to expire on 31st July, 1997.

You are aware of the contributions made by Shri Bhanubhai I Patel to the Company. The excellent growth and reputation enjoyed by the Company is attributable to the concerted efforts and hard work put in by Shri Bhanubhai I. Patel.

The Board of Directors of the Company at its Meeting held on 30th June, 1997 re-appointed Shri B.I. Patel as Managing Director of the Company unanimously 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 agreement to be entered into by the Company with him, copy of which is available for inspection to the Members at the Registered Office of the Company on working days except Friday between 10 a.m. and 12 Noon till the date of Annual General Meeting and which inter alia contains the following principal terms and conditions.

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may from time to time be entrusted to him.
2. Period of Appointment : Five years with effect from 1st August, 1997.
3. Remuneration payable to Mr. B.I. Patel when the Company earns adequate profits:
 - a) Salary : Rs. 60,000/- per month.
 - b) i) Perquisites and allowances:

In addition to salary, the Managing Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof,

ELECON ENGINEERING CO. LTD.

House Maintenance Allowance together with reimbursement of expenses or allowance for utilities such as gas, electricity, water, furnishings and repairs, reimbursement of actual expenditure on medical treatment for self and family, reimbursement of expenditure incurred on travel and stay abroad including that of accompanying person/spouse, Club fees, Leave Travel concession for self and family, Medical insurance and such other perquisites as may be determined by the Board of Directors subject to the overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

- ii) Contribution to Provident Fund, Superannuation fund will be made to the extent, this either singly or put together are not taxable under the Income-tax Act, 1961.
- iii) Gratuity will be payable at the rate not exceeding half a month's salary for each completed year of service in the Company as per the rules applicable from time to time.
- iv) Encashment of leave at the end of the tenure.
- v) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

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

c) Commission:

In addition to the salary and perquisites and allowances payable, commission as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

4. Minimum remuneration:

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure of the Managing Director, will be subject to the maximum ceiling in the manner set-out in Section II, Part II of Schedule XIII to the Companies Act, 1956 or any amendment made hereafter in this regard.

Apart from the above, the Agreement contain further terms and conditions, the powers and duties, reimbursement of entertainment, travelling and all other expenses incurred by Mr. B.I. Patel for the business of the Company, provision for earlier determination of the appointment by either party by giving six months notice in writing to the other party etc.

The re-appointment of Mr. B.I. Patel on the terms and conditions set out in the aforesaid draft agreement is subject to the approval of the Company in General Meeting.

The draft agreement between the Company and Mr. B.I. Patel is available for inspection by the Members of the Company at its Registered Office between 10 a.m. and 12 noon on any working day of the Company till the date of Annual General Meeting.

The Board of Directors recommends passing of the resolution set out at Item No. 6 of the Notice convening the Meeting.

Mr. B.I. Patel may be deemed to be concerned or interested in the resolution. Mr. Prayasvin B Patel and Mr. Pradip M Patel may be deemed to be concerned or interested in the resolution relating to the re-appointment of Shri Bhanubhai I Patel, being his relatives.

None of the other Directors is in any way concerned or interested in the above resolution.

This may be treated as an abstract of the draft agreement between the Company and Mr. B.I. Patel pursuant to Section 302 of the Companies Act, 1956.

Item No. 7&8

At the Annual General Meeting held on 30th September, 1993, the Shareholders had approved the appointment of Mr. P.B. Patel as Managing Director and Mr. N.S. Patel as Wholetime Commercial Director of the Company for a period of 5 years with effect from 1st July, 1993 and 1st September, 1993 respectively.

Their remuneration was revised by the Shareholders at the Annual General Meeting held on 29th September, 1994 as under:

- a) Salary: Rs. 35,000 per month to each one of them with effect from 1-4-1994.
- b) Commission: At 1% of 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 annual salary.

- c) Perquisites restricted to an amount equivalent to the annual salary.

The Board of Directors at its Meeting held on 30th June, 1997 have noted the valuable services rendered by Shri Prayasvin B Patel, Managing Director and Shri Natoobhai S. Patel, Wholetime Commercial Director in the growth of the Company and further revised the remuneration payable to them with effect from 1st April, 1997 for the unexpired period of their respective tenure as set out in the supplemental agreements, copies of which are available for inspection of the Members at the Registered Office of the Company on working days except Friday between 10 a.m. and 12 noon till the date of Annual General Meeting.

The principal terms as set out in the draft supplemental agreement for each of them are given hereunder:

1. Remuneration payable when the Company earns adequate profits:

a) Salary: Rs. 50,000/- per month.

b) i) Perquisites and Allowances:

In addition to salary, the Managing Director and Wholetime Commercial Director shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance Allowance together with reimbursement of expenses or allowance for utilities such as gas, electricity, water, furnishings and repairs, reimbursement of actual expenditure on medical treatment for self and family and the expenditure incurred on travel and stay abroad including that of accompanying person/spouse, Club fees, Leave Travel concession for self and family, Medical insurance and such other perquisites as may be determined by the Board of Directors subject to the overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.

- (ii) Contribution to Provident Fund, Superannuation fund will be made to the extent this either singly or put together are not taxable under the Income-tax Act, 1961.

(iii) Gratuity will be payable at a rate not exceeding half a month's salary for each completed year of service in the Company as per the rules applicable from time to time.

(iv) Encashment of leave at the end of the tenure.

(v) Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

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

c) **Commission:**

In addition to the salary and perquisites and allowances payable, commission as may be decided by the Board of Directors at the end of each Financial Year calculated with reference to the net profits of the Company in a particular Financial Year, subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

4. **Minimum Remuneration:**

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year during the currency of the tenure of the Managing Director and the Wholetime Commercial Director will be subject to the maximum ceiling in the manner set-out in Section II, Part II of Schedule XIII to the Companies Act, 1956 or any amendment made hereafter in this regard.

Apart from the above, the Agreement contain further terms and conditions, the powers and duties, reimbursement of entertainment, travelling and all other expenses incurred by Mr. P.B. Patel and Mr. N.S. Patel for the business of the Company, provision for earlier determination of the appointment by either party by giving six months notice in writing to the other party etc.

The revision in remuneration payable to Mr. P.B. Patel and Mr. N.S. Patel on the terms and conditions set out in the aforesaid supplemental draft agreement to be entered into, is subject to the approval of the Company in General Meeting.

The draft agreements between the Company and Mr. P.B.

ELECON ENGINEERING CO. LTD.

Patel and Mr. N.S. Patel are available for inspection by the Members of the Company at its Registered Office between 10 a.m. and 12 noon on any working day of the Company till the date of the Annual General Meeting.

The Board of Directors recommends passing of the resolution set out at Item No. 7 & 8 of the Notice convening the Meeting.

Mr. P.B. Patel and Mr. N.S. Patel may be deemed to be concerned or interested in the resolution. Mr. Bhanubhai I Patel and Mr. Pradip M Patel may be deemed to be concerned or interested in the resolution relating to the revision in remuneration payable to Shri Prayasvin B Patel, being his relatives.

None of the other Directors is in any way concerned or interested in the above resolutions.

This may be treated as an abstract of the draft agreement between the Company and Mr. P.B. Patel and Mr. N.S. Patel pursuant to Section 302 of the Companies Act, 1956.

Item No. 9

The alteration in Article 6 of Articles of Association of the Company is proposed in order to bring the existing Article 6 in line with the draft Companies Bill, 1997 under consideration of the Government. It is proposed to amend this clause enabling the Board of Directors to implement the changes as and when the Act comes into force. The proposed change would enable the Company to avail the benefits of economic liberalisation and provide operational flexibility. The provision relating to buy back of Shares is proposed by way of substituting the existing Articles of Association of the Company.

This change would require your approval by way of Special Resolution set out at item 9 of the Notice.

The above change would become effective only from the date of enactment and enforcement of the Changed provisions in the Companies Act, 1956.

None of the Directors of the Company is interested in the resolution.

Item No. 10.

The draft Companies Bill, 1997 allows buy back of Shares

or other specified Securities by the Company out of its Free Reserves, Share Premium Account or the proceeds of prior issue made specifically for the purpose of buy back subject to the following main conditions:

1. The Company has authorised such buy back by Special Resolution passed by the Shareholders, and
2. The Company shall after completion of the buy back, have debt equity ratio as may be prescribed under the Act.

The Company has the option to buy back Securities from the existing holders, from the open market, from odd lots or through negotiation or other arrangement.

The Company can either cancel the Securities so bought back or re-issue them after the expiry of 24 months period or such other period as may be prescribed by the Companies Act and Rules and Regulations made thereunder.

In view of the above provisions, authorisation of the Shareholders is sought in favour of the Board of Directors of the Company at the forthcoming Annual General Meeting for the following two proposals.

1. Buy back of Equity Shares of the Company upto an amount of Rs. 5.50 crores,
2. To raise funds to the extent of Rs. 5.50 crores for the specific purpose of buy back of Securities.

The Company would comply with all other terms and conditions as applicable to the buy back of Securities. The above changes would become effective only from the date of enactment of the Companies Bill, 1997.

None of the Directors is interested in the resolution.

By order of the Board of Directors,

Registered Office:
Vallabh Vidyanagar - 388 120
Gujarat
June 30, 1997.

D.D. Heranjal
Secretary



DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their Thirty Seventh Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

	31st March, 1997 Rupees	31st March, 1996 Rupees
Profit before interest and depreciation	20,22,40,381	19,55,72,679
Less : Interest	5,31,39,240	5,25,98,031
Depreciation	5,10,40,105	3,85,09,191
Profit before Tax	9,80,61,036	10,44,65,457
Less : Provision for Tax	1,27,50,000	18,00,000
Profit after tax	8,53,11,036	10,26,65,457
Adjustment for prior year (Net)	23,77,273	34,335
T O T A L	8,76,88,309	10,26,99,792
Add : Balance brought forward from last year	86,91,702	25,27,766
Total available for appropriation	9,63,80,011	10,52,27,558
Which is appropriated as under:		
Transfer to Debenture Redemption Reserve	—	50,00,000
Transfer to General Reserve	7,50,00,000	8,25,00,000
Proposed Dividend	90,35,856	90,35,856
Additional Tax on Proposed Dividend	9,03,586	—
Balance carried forward	1,14,40,569	86,91,702

2. DIVIDEND

Your Directors recommend payment of dividend for the year ended 31st March, 1997 at the rate of Rs. 1.60 per Share on 56,47,410 Equity shares of Rs.10/- each.

3. OPERATING RESULTS

Income from Sales and Other Services for the year under review amounted to Rs. 168.46 Crores as against the previous year's Sales of Rs. 180.20 Crores. The Operating Profit before Tax after making adjustments on account of profit on sale of assets, payments made under voluntary retirement scheme and changes in accounting policy has shown a quantum jump from Rs. 803.60 lacs in the previous year to Rs. 1006.20 lacs during the year under review, which indicates an increase of around 25% in operational profits despite fall in turnover.

Efforts to realise large over due receivables from State Electricity Boards and Central Government Corporations are partly successful but the Company's funds continue to remain blocked in receivables.

The situation as regards investment in Power Projects by Private Sector has remained as disappointing as in the previous year. Our Company being a leading manufacturer of Coal Handling Plants for Power Stations expects that the situation will improve in future.

The Company's order position is satisfactory. At present, we have submitted tenders amounting to over Rs. 208 Crores approximately. With the orders on hand, we hope to continue to achieve good results for the current year.

4. DIVERSIFICATION

The diversification programme in the field of Alternate non conventional Energy Source continued during the year. The Company installed eight additional wind Mills during the year. A total of forty four wind Mills are installed upto 31-3-1997 by the Company of its own to generate power for captive consumption.

In view of the general recessionary conditions and the liquidity crunch experienced by other Industries during the year, there was no sale of any wind Mill during the year under review.

5. PRESTIGIOUS ORDERS

The Company has secured an order valued at over Rs. 130.00 crores from Neyveli Lignite Corporation Ltd. for manufacture, erection and commissioning of 2400 MM Drive Heads and Conveyors for its Mine-II.

The Company also received an order for complete Coal Handling Plant on Turnkey basis from Maharashtra

ELECON ENGINEERING CO. LTD.

State Electricity Board for its Chandrapur Thermal Power Station, valued at over Rs. 50 crores.

Both the above orders were received against stiff competition.

6. CAPITAL EXPENDITURE

Your Company is one of the largest manufacturers of Bulk Material Handling Equipments. Uptil now the Company has successfully completed 59 Coal Handling plants. Several new power projects are being planned on which investment is expected to be made by private Sector. The Company needs large investments in latest State of the Art technology machines in order to meet future demand as well as the two orders received from Neyveli Lignite Corporation Ltd. and Maharashtra State Electricity Board. The erection, commissioning & completion of these projects are stipulated within a prescribed time limit. Failure to meet these stiff targets entails heavy penalties and/or Liquidated damages.

With a view to meet its fund requirements and compelled by slow rate of realisation from State Electricity Boards, the Company had Planned for issue of Shares on preferential basis to raise the required funds at a minimum cost and within a reasonable time frame for which the Company had called an Extra Ordinary General Meeting on 2nd April, 1997.

Unfortunately a few shareholders alongwith Financial Institutions objected to the issue of Shares on preferential basis which were to be issued at a premium of Rs. 38.77 i.e. at an issue price of Rs. 48.77. The Board of Directors was of the view that the issue of Shares on Right basis at the price of Rs. 48.77 would not have attracted good response from Shareholders at large as the then prevailing market price of the Company's Share was approximately Rs. 50/- per share.

The Shares were intended to be issued to Non Resident Indians and Overseas Corporate Bodies but in view of the opposition registered by Unit Trust of India, one of the Shareholders, the Company amended the resolution to issue the Shares to Indian Residents as well as Indian Companies. In spite of the modifications carried out to suit the requirements of Financial Institutions, the Financial Institutions for some inexplicable reasons objected to the resolution. Except UTI, other Financial Institutions had assured the Company that they would support the resolution if suitably modified.

The stand taken by the Financial Institutions alongwith few other Shareholders has resulted in stalling the resolution which is neither in the interest of the Shareholders nor the Company at large because the Company is not in a position to raise the required funds through issue of Shares on preferential basis at a good premium. The Company is now left with the option of either not investing in the machineries required or raising the funds from borrowings which would raise the financial burden of the Company.

7. FIXED DEPOSITS

Thirteen Deposits aggregating to Rs. 57,000/- though matured were not claimed as on 31st March, 1997. None of these deposits have been claimed till date.

8. INSURANCE

All the properties of the Company have been insured against risk of fire including risks of riots, strike, flood, malicious damages etc.

9. PARTICULARS OF EMPLOYEES

Information pursuant to Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is given in the Annexure forming part of this report.

10. ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION AND R&D EFFORTS:

The particulars required to be furnished under Section 217 (1) (e) of the Companies Act, 1956 regarding Energy Conservation, Technology Absorption and R&D efforts are furnished in the Annexure forming part of this Report.

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and pursuant to the Company's Articles of Association, two of the Directors Shri. Ranjit Vithaldas and Shri. Jayantilal R. Shah retire by rotation and being eligible, offer themselves for re-appointment.

The Industrial Credit and Investment Corporation of India Ltd. has nominated Shri N.D. Shah as their nominee Director in place of Shri Sharad Kumar C. Bhatia with effect from 27-9-1996 on the Board of your Company. The Directors have placed on record their appreciation to the unstinted support and co-operation rendered by Shri S.C. Bhatia as a member of the



Board for nearly four years. The Directors welcome Shri N.D. Shah as a nominee director on the Board of Directors of the Company.

Shri B.I. Patel, whose tenure as Managing Director of the Company expires on 31st July, 1997, is reappointed for a further period of five years by the Board of Directors. The approval of Shareholders is being sought for his re-appointment as Managing Director with effect from 1st August, 1997.

12. DONATIONS

Rs. 7.03 lacs was donated during the year under review for various educational, social and charitable purposes.

13. AUDITORS

The Company's Auditors M/s. Thakorebhai Shirish Desai and Butala, Chartered Accountants, Navsari retire and being eligible offer themselves for re-appointment.

The Auditors' Report is self explanatory and gives complete information.

14. ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation to the co-operation and support received by your Company from its Bankers, Financial Institutions and Debentureholders, customers, suppliers, foreign collaborators and from various Central and State Government Authorities.

The relations with the employees continued to be cordial during the year under review and your Directors expect continuing support from them. The Directors are thankful to all the employees for their support and co-operation.

On behalf of the Board of Directors,

B. I. PATEL
Chairman

Place : Mumbai

Date : June 30, 1997.

ANNEXURE 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.

A) CONSERVATION OF ENERGY

a. Energy Conservation Measures taken:

- i) The Company has taken Energy Conservation Measures wherever possible. Recycling and filtration of lubricants used in various machine tools and plants & equipments are being continuously carried out eliminating the necessity of replacing of lubricants after fixed intervals recommended by manufactures. The Company has thus reduced inventory of lubricants.
 - ii) The Company has replaced HPMV fixtures by HPSV fixtures in industrial lighting system and electronic ballasts for flourecent fixtures. 40W & 60W bulbs were replaced by 9W & 11W flourecent tubes in office lighting system. This has resulted in reduction of industrial and office lighting electricity consumption.
 - iii) In order to improve the efficiency of D.G. sets for captive power generation in the plant, the Company has started using the diesel oil additives, Engine oil additives which has resulted in more power generation with optimum fuel economy and reduced smoke emission.
- b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy:
- i) The Company has installed energy saving device on welding sets. This has resulted in reduction of electrical power consumption.
 - ii) Natural draft cooling towers are being replaced for captive power generation by FRP cooling towers to improve the efficiency of the plant by better heat transfer in the cooling system.
 - iii) The Company has phased out old centralised air compressors by new generation energy efficient screw air compressors which has resulted in reducing 50% power consumption for same capacity of compressed air generation achieved.