

EIMCO ELECON (INDIA) LIMITED

**ANNUAL REPORT
2002-2003**

BOARD OF DIRECTORS

Mr. B.I. Patel — *Chairman & Managing Director*
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 — *Executive 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

REGISTRARS & TRANSFER AGENTS

M/s. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai – 400 078
Phone : (022) 2592 3837 (10 lines)
Fax : (022) 2567 2693

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-ninth Annual General Meeting of EIMCO ELECON (INDIA) LTD. will be held on Saturday, the 27th September 2003 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 2003 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 Shri P.M. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Lasse Hakoaho who 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 pursuant to Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, consent of the Company be and is hereby accorded to the Board of Directors of the Company for contributing to national, benevolent, charitable, public or general or other funds not directly relating to the business of the company or the welfare of its employees, of any amounts the aggregate of which not exceeding in any financial year Rs.1 crore or 5% of the average net profits as determined in accordance with the provisions of the Section 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater.”

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

By order of the Board

Nilesh D. Shelat
Company Secretary

Dated : 3rd June, 2003

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 16th September, 2003 to 27th September, 2003 (both days inclusive).
- C. The payment of dividend on equity shares as recommended by the directors for the Year ended 31st March, 2003 when declared at the meeting will be paid:
 1. to those members whose names appear in the Register of Members of the Company on 16th September, 2003.
 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 15th September, 2003.
- 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.

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Vallabh Vidyanagar
Gujarat - 388 120

By order of the Board

Nilesh D. Shelat
Company Secretary

Dated : 3rd June, 2003

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

Section 293(1)(e) of the Companies Act, 1956 inter-alia provides that the Board of directors of a public company shall not, except with the consent of the company in General Meeting contribute to charitable and other funds not directly relating to the business of the company or the welfare of its employees, of any amount the aggregate of which not exceeding in any financial year Rs. 50,000 or 5% of the average net profits as determined in accordance with the provisions of the Sections 349 and 350 of the said Act during the three financial years immediately preceding, whichever is greater.

Since the company is required to contribute and donate funds, from time to time, to such Institutions the

contribution whereof may exceed the ceiling limit of Rs.50,000 presently applicable to the company within the meaning of Section 293(1)(e) of the said Act, your consent is, therefore, being sought for empowering Board of Directors of the company to make donations in any financial year not exceeding Rs.1 crore or 5% of the average net profits of the three immediately preceding financial years, whichever is greater.

None of the Directors of the company is interested in this resolution.

By order of the Board

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

Dated : 3rd June, 2003

Nilesh D. Shelat
Company Secretary

DIRECTORS' REPORT

To
The Members,
EIMCO ELECON (INDIA) LTD.

The Directors have pleasure in presenting their Twenty-ninth Annual Report together with the Audited Statement of Accounts of the company for the year ended 31st March 2003.

1. FINANCIAL RESULTS

	<u>31-03-2003</u> (Rs.)	<u>31-03-2002</u> (Rs.)
Profit before Depreciation, Voluntary Retirement Compensation & Provision for Taxation	121,127,959	172,859,991
Less : Depreciation	40,223,627	35,776,454
	80,904,332	137,083,537
Less : Voluntary Retirement Compensation	541,728	6,870,772
PROFIT BEFORE TAX	80,362,604	130,212,765
Less : Provision for Taxation and Deferred Tax	30,710,778	46,249,754
PROFIT AFTER TAX	49,651,826	83,963,011
Add : Excess/short provision for taxation for earlier year	58,140	—
	49,709,966	83,963,011
Add : Balance brought forward from last year	22,266,846	17,339,497
	71,976,812	101,302,508
APPROPRIATED AS		
Proposed Dividend	19,035,671	19,035,671
Tax on distributed Profit	2,438,945	—
Transfer to General Reserve	25,000,000	60,000,000
Balance Carried Forward	25,502,196	22,266,837
	71,976,812	101,302,508

2. PERFORMANCE

During the year under review, the Company has achieved the highest ever turnover of Rs.836.89 million (previous year 780.56 million). The net profit stood at Rs.49.65 million (previous year Rs.83.96 million). Appreciation of Euro currency during the year and executions of development orders of machines affected the profitability.

3. DIVIDEND

Your directors recommend for your consideration a dividend of 33% for the year ended 31st March, 2003.

4. INSURANCE

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

5. FIXED DEPOSITS

Eight Deposits aggregating to Rs.115,725 though matured were not claimed as on 31st March 2003.

6. DIRECTORS

Shri P.M. Patel and Shri Lasse Hakoaho retire by rotation and, being eligible, offer themselves for reappointment. A brief profile of these Directors is appearing in Annexure 4 to this Report.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company state:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 thanks to the Company's Bankers, Financial Institutions, Government, Collaborators and other agencies for their support extended to the Company and look forward to receiving continued support.

For and on behalf of the Board

B. I. PATEL
Chairman

Place : Klagenfurt
Date : 3rd June, 2003

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 2003.

(A) Names of employees employed throughout the year.

Sr. No.	Name	Age Years	Qualification	Date of joining	Designation	Nature of duty	Remuneration Received		Experience (years)	Last employment & Designation
							Gross (Rs.)	Net (Rs.)		
1.	Mr. B. I. Patel	75	B.A.	1-09-1993	Chairman & Managing Director	Overall Management	52,01,837	43,96,850	56	Elecon Engineering Co. Ltd., Chairman & Managing Director
2.	Mr. C. T. Dave	65	DME MMGI	1-11-1975	Executive Director	Overall Management	28,84,838	23,89,753	42	The Milling Trading Co. Pvt. Ltd., Divisional Administrator

(B) Names of employees employed for part of the year – Nil

NOTES :

- Both the appointments 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, monetary value of perquisites in accordance with the provision of the Income Tax Act, 1961.
- Experience includes number of years service elsewhere, wherever applicable.
- Mr. B.I. Patel is a relative of Mr. P. B. Patel & Mr. P. M. Patel Directors 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, 2003.

[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 thermocol 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 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 the Indian mining conditions.
3. Expenditure:
 1. Capital : Rs. Nil
 2. Recurring : Rs. 1,892,193
 3. Total R & D expenditurePercentage of total turnover : 0.22%

[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 two 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:

Technology for the above mentioned products are absorbed.

[D] Foreign exchange earning & outgo:

1. During the year the Company has exported goods worth Rs.1,276,113 and continues to make efforts to push up exports. The Company has also earned commission to the extent of Rs.182,914.

2. Foreign Exchange used & earned:

<u>Used</u>	<u>Earned</u>
Rs. 221,609,325	Rs. 1,459,027

For and on behalf of the Board

B. I. PATEL
Chairman

Place : Klagenfurt
Date : 3rd June, 2003

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 2002-2003, 4 Board Meetings were held i.e. on

6th May 2002
 27th July 2002
 29th October 2002
 28th January 2003

Sr. No.	Name of the Director	Category of Directorship	No. of Board Meetings attended out of 4 held	Attendance at last AGM Held on 28-9-2002	No. of other Directorships in other public companies	No. of Committee positions held in other public Companies	
						Member	Chairman
1.	Mr. B.I. Patel	CMD-P	4	Yes	8	Nil	1
2.	Mr. C.T. Dave	WTD	4	Yes	1	Nil	Nil
3.	Mr. P.B. Patel	NED-P	3	No	12	Nil	Nil
4.	Mr. H.S. Parikh	NED (I)	2	Yes	4	6	3
5.	Mr. P.M. Patel	NED (I)	1	No	3	7	Nil
6.	Mr. N.S. Patel	NED (I)	3	Yes	1	Nil	Nil
7.	Mr. Hans Gass	NED (I)	3	No	1	1	Nil
8.	Mr. Lasse Hakoaho	NED (I)	Nil	No	Nil	Nil	Nil
9.	Mr. Werner Kraher	NED (I)	2	No	Nil	Nil	Nil

CMD : Chairman & Managing Director
 WTD : Wholetime Director

P : Promoter
 NED (I) : Non Executive Director (Independent)

3. Audit Committee

At the meeting held on 31st January 2001, the Board of Directors have appointed an Audit Committee comprising of following Directors :

Mr. H.S. Parikh (Chartered Accountant)	Chairman	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Member	NED-I

The Executive 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		
	27th April 2002	26th October 2002	2nd February 2003
Mr. H.S. Parikh	Yes	Yes	No
Mr. N.S. Patel	Yes	Yes	Yes
Mr. P.B. Patel	Yes	Yes	Yes

EIMCO ELECON (INDIA) LIMITED

4. Remuneration Committee

With effect from 21st July 2001, the Board of Directors has appointed a Remuneration Committee comprising of following Directors:

Mr. H.S. Parikh	Chairman	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Member	NED-I

Meetings and attendance during the year :

Members	Attendance at Committee Meeting held on		
	27th April 2002		
Mr. H.S. Parikh	Yes		
Mr. N.S. Patel	Yes		
Mr. P.B. Patel	Yes		

The details of remuneration paid to Wholtime Directors during the financial year 2002-2003 are as under :

Name	Salary (Rs.)	Perquisites (Rs.)	Commission	Total (Rs.)	Period of contract
Mr. B.I. Patel Chairman & Managing Director	1,20,000 p.m.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956.	To be determined by the Remuneration Committee at the end of each financial year subject to overall ceiling of the Companies Act, 1956.	20,00,000 + 23,96,850	5 years from 1-9-1997 to 31-8-2002.
	2,00,000 p.m.			43,96,850	3 years from 1-9-2002 to 31-8-2005.
Mr. C.T. Dave Wholtime Director	1,00,000 p.m.	5,00,000 per Annum	1% of net profit or 50% of annual salary whichever is less.	12,60,000 + 4,99,753 + 6,30,000	3 years from 1-1-2000 to 31-12-2002.
	1,20,000 p.m.			23,89,753	2 years from 1-1-2003 to 31-12-2004.
Bonus				Nil	
Stock Options				Nil	
Pension				Nil	
Others				Nil	

The Non-Executive Directors do not draw any remuneration from the Company other than sitting fees for attending Board/Committee Meetings.

The details of remuneration paid to Non-Executive Directors are as under:

Name	Sitting Fees		Total (Rs.)
	Board Meeting	Committee Meeting	
Mr. P.B. Patel	15000	40000	55000
Mr. N.S. Patel	15000	20000	35000
Mr. P.M. Patel	5000	Nil	5000
Mr. H.S. Parikh	10000	15000	25000
Mr. Hans Gass	10000	Nil	10000
Mr. Lasse Hakoaho	Nil	Nil	Nil
Mr. Werner Kraher	5000	Nil	5000
			135000

5. Share Transfer Committee

This Committee is comprising of following Directors:

Mr. B.I. Patel	Mr. P. B. Patel
Mr. N.S. Patel	Mr. C. T. Dave

In financial year 2002-2003, meetings of Share Transfer Committee have been convened 18 times for approving share transfer, issue of duplicate share certificates etc.

The status of attendance is as under:

Name of Director	No. of meetings attended out of total 18 held
Mr. B.I. Patel	16
Mr. P.B. Patel	04
Mr. N.S. Patel	00
Mr. C.T. Dave	16

6. Investors Grievance Committee/Shareholders Committee

With effect from 21st July 2001, the Board of Directors has appointed a Shareholders Committee comprising of following Directors :

Mr. H.S. Parikh	Chairman	Non-Executive and Independent Director
Mr. P.B. Patel	Member	NED-P
Mr. N.S. Patel	Member	NED-I
Mr. N.D. Shelat	Secretary & Compliance Officer	Company Secretary

i. No. of shareholders' complaints received so far.	Nil
ii. No. of complaints not solved to the satisfaction of the shareholders.	Nil
iii. No. of pending share transfers.	Nil

7. General Body Meetings

Year	Venue	Date	Time
2001-2002	Registered Office at Vallabh Vidyanagar, Gujarat	28-9-2002	03.00 p.m.
2000-2001	-do-	29-9-2001	03.00 a.m.
1999-2000	-do-	28-9-2000	11.00 a.m.

In any of the above three years, no special resolution was put through voting or postal ballot.

EIMCO ELECON (INDIA) LIMITED

8. Disclosures

Disclosures	
i. Materially significant related party transactions.	There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives, etc. which have potential conflict with the interests of the Company at large.
ii. Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during last 3 years.	Nil

9. Means of Communication

i. Half yearly report sent to each shareholders residence.	No
ii. In which newspapers quarterly results were normally published.	Economic Times/Business Standard (English) Jansatta/Financial Express (Gujarati)
iii. Any website where results or official news are displayed.	www.eimco-elecon.com
iv. The presentation made to institutional investors or to the analysts.	Yes, on request
v. Whether Management Discussion and Analysis is part of Annual Report or not.	Yes, contained in the Directors' Report

10. General Shareholder Information

- i. AGM – date, time and venue
Saturday, the 27th September 2003
at 3.00 p.m. at the Registered Office
Vallabh Vidyanagar.

- ii. Financial year
2002-2003
(year ending 31-3-2003)

- iii. Book Closure Date
16th September to
27th September 2003

- iv. Dividend payment date
1st October 2003

- v. Listing on Stock Exchanges

The Company's shares are listed on the following stock exchanges:

Vadodara Stock Exchange Ltd. (Regional)
Fortune Towers
Dalal Street, Sayagi Gunj
Vadodara – 390 005

The Stock Exchange, Ahmedabad
Kamdhenu Complex
Opp. Sahajanand College, Near Polytechnic
Panjara Pole
Ahmedabad – 380 015

The Stock Exchange, Mumbai
P.J. Towers, 25th Floor
Dalal Street
Mumbai – 400 001

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 2002-2003 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.

vi. Stock Code

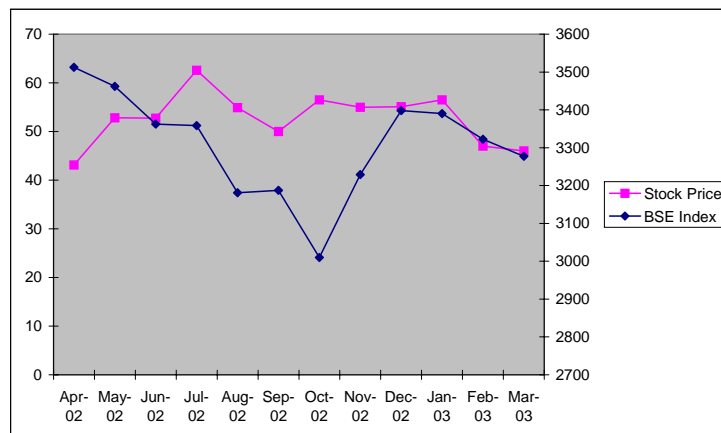
The Stock Code of company's shares is as follows:

Name of the Stock Exchange	Code No.
Vadodara Stock Exchange	23708
Ahmedabad Stock Exchange	15370
Bombay Stock Exchange	523708
National Stock Exchange of India Ltd.	EIMCOELECO EQ
ISIN No. for Shares in Demat mode	INE 158B01016

vii. Market Price Data

Month	The Stock Exchange, Mumbai			BSE INDEX		National Stock Exchange of India Ltd.		
	High (Rs.)	Low (Rs.)	Volume	High	Low	High (Rs.)	Low (Rs.)	Volume
Apr 2002	43.10	38.65	7023	3512.55	3301.21	47.30	36.05	13963
May 2002	52.80	38.50	6325	3462.01	3114.05	55.45	39.00	18729
Jun 2002	52.75	40.10	18060	3362.42	3161.09	53.45	40.25	12891
Jul 2002	62.60	42.05	21383	3358.58	2987.65	65.00	41.25	20567
Aug 2002	54.90	48.35	4841	3181.23	2950.09	58.90	45.60	13958
Sep 2002	50.00	45.10	4605	3187.26	2991.36	53.90	45.40	4051
Oct 2002	56.50	47.00	5750	3009.76	2834.41	54.75	44.55	10772
Nov 2002	55.00	47.10	7183	3228.82	2948.04	56.65	49.10	3595
Dec 2002	55.10	46.00	3505	3398.00	3207.36	55.50	47.10	8947
Jan 2003	56.50	42.05	8600	3390.12	3219.88	57.50	43.50	8381
Feb 2003	47.00	42.05	12648	3322.17	3223.41	49.30	42.10	8578
Mar 2003	46.00	40.05	2073	3277.27	3048.72	48.00	40.00	1751

viii. Performance in comparison to broad based BSE Sensex



EIMCO ELECON (INDIA) LIMITED

ix. Share Transfer System

No. of transfers during the year	: 112	No. of shares transferred	: 18000
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x. Distribution of shareholding as on 31.03.2003

Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-250	5888	92.96	738817	12.81
251-500	289	4.56	100604	1.74
501-1000	71	1.12	52778	0.92
1001-2000	44	0.69	62060	1.07
2001-3000	15	0.24	38815	0.67
3001-4000	8	0.13	27510	0.48
4001-5000	1	0.01	4500	0.08
5001-10000	1	0.02	6993	0.12
10001 & above	17	0.27	4736308	82.11
Total	6334	100.00	5768385	100.00

xi. Shareholders' profile

As on 31.03.2003 the company had 6334 shareholders. The Company's shares are held by diverse entities as per the following break-up:

Type of shareholder	No. of shares held	% of total
Tamrock Great Britain Holdings Ltd. (Collaborators)	1447875	25.10
Foreign Institutional Investors	475700	8.24
Mutual Funds	0	0
Indian Financial Institutions	23250	0.40
Banks	200	0.03
Directors	23646	0.40
Non-Resident Indians/OCB	25150	0.44
Bodies Corporate	2744037	47.56
Public	1028527	17.83
Total	5768385	100.00

xii. Dematerialization of shares and liquidity.

As directed by SEBI, trading in the shares of the company has compulsorily to be in dematerialized form for all the investors with effect from 26-6-2000. As on 31st March 2003, 64.95% (37,46,450 Shares) have been dematerialized.

xiii. Outstanding GDR/ADR/Warrants or convertible instruments : Nil

xiv. Plant locations :

Eimco Elecon (India) Ltd.
Anand-Sojitra Road, Vallabh Vidyanagar – 388 120
Dist. Anand, Gujarat

xv. Address for correspondence : As above.

PROFILE OF DIRECTORS RETIRING BY ROTATION

Annexure 4 to the Directors' Report (Item No. 6)

Profile of Directors retiring by rotation and eligible for re-appointment :

1. Shri P.M. Patel

The Board had appointed Shri P.M. Patel as a Director of the company with effect from 11th January 1996, liable to retire by rotation. Shri P.M. Patel is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Shri P. M. Patel is MBA and 56 years of age. He is associated with the Bearing Industry for over three decades. His other Directorships and Committee Memberships of other companies, as on date, are as follows:

Company	Position	Committee Memberships
Elecon Engineering Co. Ltd.	Director	Audit Committee Remuneration Committee Shareholders/Investors' Grievance Committee
Mipco Seamless Rings (Gujarat) Ltd.	Director	Audit Committee Finance Committee
ABC Bearings Ltd.	Managing Director	Audit Committee Transfer-cum Shareholders/ Investors' Grievance Committee.

2. Shri Lasse Hakoaho

Shri Lasse Hakoaho had also been appointed as a Director of the company with effect from 31st January, 2001, liable to retire by rotation. Shri Lasse Hakoaho is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Shri Lasse Hakoaho is Finnish National. He is B.Sc. (Electrical Engineering) and has more than 30 years of experience in mining industry. He does not hold Directorships in any other Indian companies.

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

To
The Members of
EIMCO ELECON (I) LTD.
Anand Sojitra Road
Vallabh Vidyanagar – 388 120
Dist. Anand, Gujarat

We have examined the compliance of conditions of Corporate Governance by EIMCO ELECON (I) LTD for the year ended 31st March, 2003, as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that the Registrars of the Company have certified that as at March 31, 2003, there were no investor grievances remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future liability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For TALATI & TALATI
Chartered Accountants,

Place : Ahmedabad
Date : 7th June, 2003

Umesh H. Talati
Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

Annexure 5 to the Directors' Report (Item No. 8)

INDUSTRY STRUCTURE AND DEVELOPMENT

(A). **Coal Mining** – During last year there has been no attempt to re-structure the coal mining industry and next year being the election year, no radical changes are expected during the present fiscal. Some cosmetic adjustments however have been made, such as:-

- i. Allowing Coal India to form Joint Venture with private parties for specific blocks of coal, but initiative taken by Coal India and response from private parties towards such Joint Ventures have been rather lukewarm.
- ii. Allowing State Governments to undertake captive mining by themselves or in association with private companies. As State Finances are in precarious shape and they themselves are exiting from the various industrial undertakings set up by them, it is not expected that new mining venture will come up through this route. Nevertheless, one or two State Governments such as Jharkhand and Chattisgarh are taking some initiatives but it is doubtful if anything concrete will emerge.

The Country's coal production is keeping to its historical trend of 5% to 7% annual growth, the total production being at around 330 million tonnes. Though there is a demand – supply gap, especially in coking coal, but this gap is much smaller than what was thought to be a few years back because Independent Power Projects which were supposed to be coming up in large numbers did not materialize as the Central and State Governments could not solve the complex inter-related problems of power tariff, power purchase agreements, counter guarantees etc. As a result, the volume of imported coal remains more or less at the same level for the last few years at around 13 to 15 million tonnes out of which around 50% would be steam coal for coastal power stations in West and South India.

In spite of environmental and social resistance towards opening of new open cast projects, the production pattern of the major producers of coal

i.e. Coal India Ltd. and Singareni continues to depend heavily on open cast mining and will remain so for the foreseeable future. Emphasis will no doubt be directed towards underground mining especially for new type of mining methods such as cut and carry technology as mentioned in our last years' reports, but technology introduction and absorption in underground mining in India takes such a long time that any significant impact will be felt not before 4/5 years. So Companies involved in underground mining technology, such as ours, have to be committed for a long haul.

In Coal India, two of the subsidiaries i.e. Eastern Coalfields and Bharat Coking Coal Ltd. who depend mainly on underground mining, continue to make heavy losses but the earlier threat of closing them down is no longer considered a serious proposition; rather for political reasons, the current news is that Government will find more money to infuse into these two concerns to preserve employment and the political base. South Eastern Coalfields Ltd. and Western Coal Fields Ltd. are the other two coal companies where underground mining plays a significant part and their financial health continues to be excellent and they will be investing in technology and equipment as they have been doing in the past. One other subsidiary i.e. Central Coalfields Ltd., though not a major user of underground mining, has turned the corner this year and it is expected that some new investment will flow into this company, a part of which surely will go towards underground mining projects. Singareni, where the share of underground mining to the total production is much higher than in Coal India, have traditionally invested quite handsomely in new underground mining equipments. It is expected that they will continue to do so during the coming years also.

The other minor producers of coal such as Steel Authority of India Ltd., Tata Iron and Steel Company, Damodar Valley Corp. etc. are allowed to mine only for their captive use and not much of activity is expected in this small segment. Other private

captive coal miners such as Sponge Iron plants are still very small operations and will remain very minor players at least for the next three years but this is one segment where our company should focus as it has good potential for use of both intermediate and modern technology.

(B). **Metalliferrous Mining** – The pace of privatization in Metalliferrous mining has virtually come to a halt after the sell off of Hindustan Zinc Ltd. and Balco. At least three more companies, namely Hindustan Copper Ltd., Manganese Ore and Nalco are supposedly in the auction block but the Government is going slow on the actual sell off. However, even in the privatized companies such as Hindustan Zinc Ltd. and Balco, whatever fresh investments have been made, it has mainly gone towards the process segment and hardly any investment has been made into mining operations. In fact, two significant metal producers in India, namely Sterlite and Indo-Gulf, are securing their raw materials supplies by acquiring operating mines overseas rather than investing in India in new mines or in augmentation of existing mines. All this makes the scenario in the hard rock mining sector gloomy for equipment manufacturers, except for uranium and gold to some extent.

OPPORTUNITIES AND THREATS

As stated earlier, the domestic nationalized Coal Industry is not as yet threatened by major restructuring or onslaught of imported coal in the near future. At the same time, they are improving their operations and more subsidiary companies are becoming profitable. As such, Coal India will continue to maintain their regular purchases of new equipment for expansion projects as well as for replacement needs. Since they have a very large equipment inventory, the replacement need itself is of considerable magnitude. Our company is quite confident that it will get its fair share of all new projects since the products from this company are perceived to be the market leaders in the underground sector. However, the company has to keep abreast of the latest developments and introduce innovations in Efficiency,

Ergonomy and Safety to stay ahead of the pack of which two new players are proving to be quite aggressive in their marketing style.

The company has broken new grounds and has taken a giant leap forward by manufacturing the first 250 mm Blasthole Drill for surface mining which has been supplied to Coal India. The equipment has been made in collaboration with its foreign partners who are considered as one of the Brand Leaders for this type of equipment. The machine has been manufactured by incorporating quite a few major modifications suiting to Indian conditions and responsive to the technical needs of the user. The machine is presently under trial with Coal India and it is expected that it will meet the requirements of the client and very soon this will enter the regular product range of the company. The addition of the Surface Drill pitches the company into the big league and in the next four to five years it is expected to contribute very significantly to the top and bottom line of the company.

The company has always maintained its leadership in introduction of new and better underground coal mining equipment. It has recently supplied six units of 3.0 cu.m. bucket capacity remote control Electric Load Haul Dump for the Gallery Blasting method. This mining method which has been introduced in India few years back, is suitable for thick underground coal seams and since there are quite a number of such coal seams in India, the success of this particular mining method brings in great potential for supplying equipments in future. Such equipments were hitherto being imported from France and this is the first time it has been produced by this company locally. This is a matter of great satisfaction and also of potential business of considerable value in future.

SEGMENT WISE PERFORMANCE

(A). TRADING IN UNDERCARRIAGE PARTS

During the year company made sales of Rs.2.61 crores as against Rs.2.51 crores last year. There was no significant improvement in sales due to drop in demand by Coal sector who are major buyers of these undercarriages.

(B). MINING MACHINERY & SPARES.

Company sold 107 machines amounting to Rs.39.03 crores as against 120 machines amounting Rs.32.55 crores last year. Company manufactured and supplied one Blasthole drill machine and six machines of CTX4BEA.

OUTLOOK FOR THE COMPANY

The company presently stands on a new threshold. While it has successfully met the challenges in the past by successfully introducing equipments such as Side Dump Loaders and small capacity Load Haul Dumps and reaped the benefits of being the first-comer in the market, the time has come to renew its product portfolio with newer and bigger type of equipment and also reach out beyond underground mining and at the same time equipping itself with skills to negotiate orders on innovative commercial and technical terms to beat the competition and also to meet the new financial requirements of the marketing place.

Looking at the past, the company is quite confident that it is well equipped to meet the technical and manufacturing challenges of the future. The real test for the company will now lie in meeting the marketing and commercial needs of the market place with the new range of equipments which have to be put in the clients hands with an entirely different package.

RISKS AND CONCERNS

The main risk and concern of the company remains that it is almost entirely dependent on virtually on one Govt. client and virtually few products. While

the company cannot do much to substantially increase its client base, being entirely dependent on Government's Minerals Policies.

INTERNAL CONTROL SYSTEM

The Company's internal control system are adequate, considering size and nature of operation of the company, to meet regulatory /statutory requirements.

DEVELOPMENTS ON HUMAN RESOURCE/INDUSTRIAL RELATIONS FRONT

Company attaches utmost priority to human resource development, with focus on regular upgradation of the knowledge and skills of all employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully. The company continuously monitors its manpower requirement to ensure that it has adequate human skills commensurate with its needs. Industrial relations of the company continue to be cordial.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND OUTLOOK.

Sales & Other income for the year ended 31st March, 2003 were Rs.83.68 crores as compared to Rs.78.05 crores in 31st March, 2002. The net profit stood at Rs.4.96 crores (previous year Rs.8.39 crores).

Net profit of the company was affected due to substantial appreciation in EURO currency during the year and also executions of development orders of machines.

EIMCO ELECON (INDIA) LIMITED

FOR SHAREHOLDERS' INFORMATION

Through a circular No. D&CC/FITTC/CIR-5/2002 dated 27th December 2002, the Securities and Exchange Board of India (SEBI) has made it mandatory for all work relating to share registry, both in physical and electronic form, to be handled either wholly "in house" by companies or wholly by a SEBI registered external registrar and transfer agent.

To comply with this provision, Eimco Elecon has appointed Intime Spectrum Registry Ltd. as Registrar and Transfer Agent of the company with effect from 1st February 2003. The shareholders, beneficial owners (BOs) and Depository Participants (DPs) are requested to send/deliver the documents/ correspondence relating to the company's share transfer activity etc. to the above named Registrar and Share Transfer Agent at the following address:

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bandup (W)
Mumbai - 400 078
Phone : (022) 2592 3837 (10 lines)
Fax : (022) 2567 2693
Email : isrl@intimespectrum.com

INTIME SPECTRUM REGISTRY LIMITED

201, Sidcup Towers, Race Course
Vadodara- 390 007
Phone : (0265) 2332474
Email : vadodara@intimespectrum.com

Company's address and contact numbers are as under :

EIMCO ELECON (INDIA) LTD.

Anand-Sojitra Road
Vallabh Vidyanagar - 388 120
Dist. Anand, Gujarat

Phone : (02692) 230502/ 230602/ 230902
Fax : (02692) 236506

AUDITORS' REPORT

To
The Members
Eimco Elecon (India) Limited
Vallabh Vidyanagar

1. We have audited the attached Balance Sheet of **EIMCO ELECON (INDIA) LIMITED**, as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;

- iii. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the above books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the Directors as on 31st March, 2003 and taken on record by the Board of Directors of the Company, we report that none of the Directors of the Company is disqualified as on 31st March, 2003 from being appointed as Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956,
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2003.

AND
 - ii. In the case of the Profit and Loss Account, of the Profit for the year ended on that date.

AND
 - iii. In the case of the cash flow statements, of the cash flows for the year ended on that date.

For **TALATI & TALATI**
Chartered Accountants

UMESH H. TALATI
Partner

Ahmedabad
7th June, 2003.

EIMCO ELECON (INDIA) LIMITED

Annexure referred to in Paragraph 3 of the Auditors' Report to the Members of Eimco Elecon (India) Ltd. on the financial statements for the year ended 31st March, 2003.

- i. The Company has maintained proper records showing full particulars including quantitative details and situations of the Fixed Assets. We are informed that the aforesaid assets have been physically verified by the management at reasonable interval and that no serious discrepancies have been noticed by the management on such verification as compared to the aforesaid records of Fixed Assets.
- ii. None of the fixed assets have been revalued during the year.
- iii. As explained to us physical verification of finished goods, stores, spareparts and raw material has been conducted by the Management at reasonable period except Goods in transit and for some stock of raw material lying with third parties which have been confirmed or delivered subsequently by the third party.
- iv. The procedures of physical verification of above stocks followed by the management are adequate and reasonable in relation to the size of the company and the nature of its business.
- v. During physical verification of above stocks, no significant discrepancies have been noticed as compared to the book records and these have been properly dealt with in the books.
- vi. In our opinion, the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles.
- vii. The Company has taken unsecured loan from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. The Company has not taken any loan from a Company under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions of such loans are prima facie not prejudicial to the interest of the company.
- viii. No loans, secured or unsecured have been granted to Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. The company had given unsecured loan in the nature of intercorporate deposit to a Company under the same management within the meaning of Section 370(1-B) of the Companies Act, 1956. Rate of interest and other terms and conditions of the loan is prima facie not prejudicial to the interest of the company.
- ix. In respect of interest free loans and advances in the nature of loans given to employees, they are repaying the principal amounts as stipulated.
- x. In our opinion and according to the information and explanations given to us, there are adequate internal Control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
- xi. There are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registers maintained under section 301 aggregating during the year to Rs. 50,000/- or more in respect of each party.
- xii. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xiii. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58-A of the Companies Act, 1956 and the rules framed thereunder with regard to the deposits accepted from the public.
- xiv. In our opinion, the Company has maintained reasonable records for sale and disposal of scrap. We are informed that the Company's manufacturing processes do not generate any by-products.

- xv. The company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under review. The Internal Audit for the year is therefore carried out by the said firm. In our opinion, the Internal Audit system commensurate with the size of the Company and the nature of its business.
- xvi. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- xvii. According to the records of the Company Provident Fund dues and Employees State Insurance dues wherever applicable have been regularly deposited with the appropriate authorities.
- xviii. According to the information and explanations given to us, no undisputed amounts payable in respect of Wealth-tax, Income-tax, Sales-tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2003 for a period of more than six months from the date they become payable.
- xix. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx. The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **TALATI & TALATI**
Chartered Accountants

UMESH H. TALATI
Partner

Ahmedabad
7th June, 2003.

EIMCO ELECON (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule	Rupees	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	57,683,850		57,683,850
Reserves and Surplus	2	664,028,590		635,793,231
			721,712,440	693,477,081
Loan Funds				
Secured Loans	3	—		—
Unsecured Loans	4	67,785,154		69,727,926
			67,785,154	69,727,926
Total...			789,497,594	763,205,007
APPLICATION OF FUNDS				
Fixed Assets	5	444,713,260		422,083,381
Less: Depreciation		207,503,301		174,404,418
Net Block		237,209,959		247,678,963
Capital Work in Progress		20,726,472		106,002
Net Block			257,936,431	247,784,965
Investments	6		10,244,500	9,640,995
Current Assets, Loans and Advances				
Inventories	7	222,904,562		254,350,994
Sundry Debtors		320,667,032		250,571,528
Cash and Bank Balances		90,694,156		57,665,342
Loans and Advances		37,568,103		66,176,304
		671,833,853		628,764,168
Less : Current Liabilities and Provisions	8			
Current Liabilities		87,420,953		63,847,020
Provisions		24,887,909		21,140,551
		112,308,862		84,987,571
Net Current Assets			559,524,991	543,776,597
Deferred Tax (Refer note 1(I) of Schedule 12)				
Deferred Tax Asset		2,882,848		2,882,848
Deferred Tax Liability		(41,091,176)		(40,880,398)
			(38,208,328)	(37,997,550)
Total ...			789,497,594	763,205,007

As per our report of even date attached

For TALATI & TALATI
Chartered Accountants

UMESH H. TALATI
Partner

Ahmedabad
7th June, 2003

For and on behalf of the Board

B. I. PATEL — Chairman &
Managing Director

P. B. PATEL
WERNER KRAHER
HANS C. GASS] — Directors

C. T. DAVE — Executive Director

Klagenfurt
3rd June, 2003

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
Authorised :		
10,000,000 Equity Shares of Rs.10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued :		
5,768,386 Equity Shares of Rs.10 each	<u>57,683,860</u>	<u>57,683,860</u>
Subscribed and Paid up :		
5,768,385 Equity Shares of Rs.10 each	<u>57,683,850</u>	<u>57,683,850</u>
Total...	<u><u>57,683,850</u></u>	<u><u>57,683,850</u></u>

(Of the above shares 4,187,786 shares are allotted as fully paid Bonus shares by capitalisation of General Reserve)

SCHEDULE - 2

RESERVES AND SURPLUS

Capital Reserve

As per Last Balance Sheet 291,000 291,000

Share Premium

As per Last Balance Sheet 75,383,000 75,383,000

General Reserve

As per Last Balance Sheet 537,852,394 502,000,191

Add : Transferred from Profit & Loss Account 25,000,000 60,000,000

562,852,394 562,000,191

Less : Transferred to Deferred tax liability 24,147,797

562,852,394 537,852,394

Surplus in Profit and Loss Account 25,502,196 22,266,837

Total... 664,028,590 635,793,231

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
SCHEDULE - 3		
SECURED LOANS		
S.B.I. Anand		
Cash Credit Account	—	—
	<u> </u>	<u> </u>
Total...	<u> </u>	<u> </u>
 SCHEDULE - 4		
UNSECURED LOANS		
Fixed Deposits	64,025,965	63,615,740
Sales Tax Deferment Account - Wind Mill	3,759,189	5,591,524
From Gujarat Industrial Investment Corporation		
Interest free Sales Tax Deferment.	—	520,662
	<u> </u>	<u> </u>
Total...	<u>67,785,154</u>	<u>69,727,926</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**SCHEDULE - 5****FIXED ASSETS**

ASSETS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April 2002 Rupees	Additions during the year Rupees	Deduction during the year Rupees	As at 31st March 2003 Rupees	As at 1st April 2002 Rupees	For the year Rupees	On Deduction Adjust- ment Rupees	As at 31st March 2003 Rupees	As at 31st March 2003 Rupees	As at 31st March 2002 Rupees
Freehold Land	1,573,978			1,573,978					1,573,978	1,573,978
Buildings	19,737,386			19,737,386	11,774,741	796,265		12,571,006	7,166,380	7,962,645
Plant & Machinery	356,405,949	30,971,253	347,589	387,029,613	136,731,341	35,275,762	265,319	171,741,784	215,287,829	219,676,608
Plant & Machinery (Leased)	10,000,000	4,182,563	4,182,563	10,000,000	6,721,000	1,226,987	192,987	7,755,000	2,245,000	3,277,000
Electric Fittings	2,858,198			2,858,198	2,386,504	65,613		2,452,117	406,081	471,694
Office Equipment and Airconditioners	8,483,256	31,660	379,237	8,135,679	3,618,480	676,989	165,312	4,130,157	4,005,522	4,864,776
Furniture and Fixtures	13,704,705	26,234	8,049,863	5,681,076	8,899,982	752,002	5,530,301	4,121,683	1,559,393	4,804,723
Vehicles	9,319,908	1,771,955	1,394,534	9,697,329	4,272,370	1,430,009	970,825	4,731,554	4,965,775	5,047,538
TOTAL	422,083,381	36,983,665	14,353,786	444,713,260	174,404,418	40,223,627	7,124,744	207,503,301	237,209,959	247,678,963
Previous Year	327,295,305	106,463,479	11,675,403	422,083,381	148,567,084	35,776,454	9,939,120	174,404,418		
Capital Work-in-Progress									20,726,472	106,002
									257,936,431	247,784,965

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 6	Rupees	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
INVESTMENTS (AT COST)			
(Long term, unless otherwise stated)			
Trade Investments:			
249500 Equity Shares (249500) of Rs.10 each fully paid of Wizard Fincap Ltd. (Unquoted)		2,495,000	2,495,000
570000 Equity Shares (570000) of Rs.10 each fully paid of Power Build Elecon Gears Ltd. (Unquoted)		5,700,000	5,700,000
Other Investments :			
700 Equity Shares of Rs.10 each fully paid of Bank of Baroda (Quoted - Market Value Rs. 34650)		59,500	59,500
1200 Equity Shares of Rs.10 each fully paid up in Karamsad Urban Co-operative Bank Ltd.		—	12,000
198000 units in US-64 Scheme of Unit Trust of India Prudential ICICI Liquid Plan Mutual Fund - Dividend Option		2,919,000	2,919,000
		—	158,775
		11,173,500	11,344,275
Less : Provision for Diminution in value		929,000	1,703,280
		10,244,500	9,640,995
Aggregate amount of quoted investment [Market value Rs. 1,161,010/- (Rs.1,275,220/-)]		2,049,500	1,275,220
Aggregate amount of unquoted investments		8,195,000	8,365,775
	Total...	10,244,500	9,640,995
SCHEDULE - 7			
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Inventories (As certified by a Director)			
(Valued at cost or realisable value whichever is lower)			
Stock and Stores		2,869,353	2,869,353
Raw Materials		27,484,664	27,936,593
Spares and Components		156,020,844	181,956,246
Work in progress		29,374,627	40,033,492
Finished Goods		2,971,609	1,319,534
Goods in transit		4,183,465	235,776
		222,904,562	254,350,994
Sundry Debtors			
(Unsecured considered good)			
Exceeding six months		13,761,124	26,262,683
Other Debts		306,905,908	224,308,845
		320,667,032	250,571,528
Cash and Bank Balance			
Cash on Hand		125,918	82,318
With Scheduled Banks			
In Current Accounts	70,221,868		51,791,642
On Short Term Deposit Account	20,344,988	90,566,856	5,790,000
		90,692,774	57,663,960
With Non-Scheduled Banks			
With Karamsad Urban Co-op. Bank Ltd. [Maximum during the year Rs.1,382 (Rs.1,382)]	1,382	1,382	1,382
B. LOANS AND ADVANCES		90,694,156	57,665,342
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received		27,812,630	50,454,965
Balance with Excise, Customs Authorities		5,496,533	3,459,028
Advance Tax (Net of Provisions)		4,258,940	12,262,311
		37,568,103	66,176,304

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	Rupees	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
SCHEDULE - 8			
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Acceptances		20,508,900	11,378,957
Sundry Creditors			
Small Scale Industrial Undertaking	5,759,212		7,347,931
Others	<u>60,103,600</u>		<u>44,014,831</u>
		65,862,812	51,362,762
Unclaimed dividend		1,049,241	1,105,301
		<u>87,420,953</u>	<u>63,847,020</u>
Provisions			
Proposed Dividend (including tax on dividend)		21,474,616	19,035,671
Provision for Leave Encashment		3,413,293	2,104,880
		<u>24,887,909</u>	<u>21,140,551</u>
SCHEDULE - 9			
SALES AND OTHER INCOME			
Sales		821,084,601	758,857,153
Other Income		8,392,840	10,614,483
Excess provision written back (for diminution in value of investment)		774,280	—
Profit on Sale of Fixed Assets		—	393,245
Interest			
On Deposits	5,984,768		4,450,847
Others	—		258,237
(Tax deducted at source Rs.1,311,617 previous year Rs.838,739)		5,984,768	4,709,084
Commission		182,914	4,380,169
Dividend on Non-Trade Investments		92,140	1,161,375
(Tax deducted at source 9,675 previous year Rs. Nil)			
Refund of Sales Tax		378,502	—
Sundry Creditors written off		—	445,680
		<u>836,890,045</u>	<u>780,561,189</u>
SCHEDULE - 10			
MANUFACTURING AND OTHER EXPENSES			
Consumption of Raw Material, Spares & Components		461,421,453	394,096,595
Machining and Labour Charges		28,930,146	18,603,212
Consumption of Stores		7,912,380	6,602,968
Power and Lighting		2,560,552	4,355,960
Machinery rent		2,400	274,516
Repairs & Maintenance			
Plant and Machinery	2,914,317		3,035,613
Building	1,297,373		1,687,871
Others	3,152,293		1,941,872
Computer	<u>1,843,703</u>		<u>1,612,597</u>
		9,207,686	8,277,953
Employee Remuneration			
Salaries, Wages and Bonus	27,764,480		24,687,210
Contribution to Provident and other Funds	1,918,425		1,787,781
Contribution to Gratuity Fund	<u>1,321,305</u>		<u>1,142,226</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

	Rupees	As on 31.3.2003 Rupees	As on 31.3.2002 Rupees
SCHEDULE - 10			
Contribution to Superannuation Fund	1,011,377		1,245,816
Workers and Staff Welfare	<u>1,677,753</u>		<u>1,885,389</u>
		33,693,340	30,748,422
Insurance		3,149,081	1,912,608
Rates and Taxes		1,671,791	2,625,653
Central Excise borne by us		320,427	374,464
Provision for excise duty on finished goods at factory		42,619	367,258
Rent		787,800	909,350
Freight		4,651,437	3,903,805
Compensation to distributors		82,496,186	73,720,308
Computer Expense		3,280,186	2,268,015
Travelling and Conveyance		7,821,106	7,267,008
Technical Know-how Fees		1,018,780	—
Royalty		473,670	—
Advertisement		693,419	283,266
Directors Fees		135,000	97,000
Auditors Remuneration			
Audit Fees	96,900		75,000
Fees for certification work	7,750		6,175
Tax Audit Fees	18,630		15,750
Reimbursement of out of pocket expense	<u>72,207</u>		<u>63,009</u>
		195,487	159,934
Lease Rent		2,120,450	1,407,640
Bank charges		5,270,672	4,414,719
Loss on sale of investment		651,142	—
Interest			
On Loans for fixed period	7,596,483		4,958,127
Other (including on deferred payment)	<u>2,943,919</u>		<u>5,378,597</u>
		10,540,402	10,336,724
Provision for Diminution in value of Investments			1,703,280
Bad Debts written off		7,040,520	986,493
Loss on sale of assets		2,194,582	—
LD charges		5,226,573	1,300,100
(Increase)/Decrease in stock			
Opening Stock - Finished Goods	1,319,534		6,073,433
Work in progress	<u>40,033,492</u>		<u>48,856,041</u>
	41,353,026		54,929,474
Less: Closing Stock - Finished Goods	2,971,609		1,319,534
Work in progress	<u>29,374,627</u>		<u>40,033,492</u>
	32,346,236		41,353,026
		9,006,790	13,576,448
		<u>692,516,077</u>	<u>590,573,699</u>
SCHEDULE - 11			
Miscellaneous Expenses			
Donation		2,520,200	2,950,000
Professional Fees		3,894,142	3,840,385
Works & Office Expenses		1,370,626	1,552,864
Loss on foreign Exchange		3,394,731	—
Miscellaneous Labour Charges		3,577,799	2,983,888
E.mail & Internet Expenses		1,457,825	578,675
Investment written off		12,000	—
Others		7,018,686	5,221,687
		<u>23,246,009</u>	<u>17,127,499</u>

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

Deferred Tax Asset (F.Y. 2002-03)	Rupees
Voluntary retirement compensation	159,268
Provision for Leave encashment	360,712
Technical Know-How Fees	327,601
	847,581
 Deferred Tax Liability	
Excess of current year Depreciation as per IT over Depreciation as per the Companies Act	125,704
Reversal of Voluntary Retirement compensation of previous years	678,327
Provision for leave encashment	254,328
	1,058,359
Net Deferred Tax Liability	210,778

[J] INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

PARTICULARS

	MINING MACHINERY & SPARES	TRADING ACTIVITIES	TOTAL
REVENUE			
External Sales	810,788,005	26,102,040	836,890,045
Segment results	87,393,459	3,509,547	90,903,006
Less : Interest (Net)	10,540,402		10,540,402
Other common expenses			
Extraordinary expenses			
Total (loss)/profit before tax	76,853,057	3,509,547	80,362,604
Capital employed (Segment assets less Segment liabilities)			
Segment assets	938,773,421	1,241,363	940,014,784
Add: Common Assets			
Total Assets	938,773,421	1,241,363	940,014,784
Segment liabilities	112,308,862		112,308,862
Add: Common Liabilities			
Total Liabilities	112,308,862		112,308,862
Segment Capital employed	826,464,559	1,241,363	827,705,922
Add: Common Capital Employed			
Total Capital employed	826,464,559	1,241,363	827,705,922
Capital expenditure	57,710,137		57,710,137
Add: Common capital expenditure			
Total capital expenditure	57,710,137		57,710,137
Depreciation	40,223,627		40,223,627
Add: Common depreciation			
Total depreciation	40,223,627		40,223,627
Non cash expenses	—		—
Add : Common non cash expenditure			
Total non Cash expenditure	—		—

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

INFORMATION ABOUT SECONDARY BUSINESS SEGMENTS

	INDIA	OUTSIDE INDIA	TOTAL
REVENUES BY GEOGRAPHICAL MARKET			
External Sales	835,613,931	1,276,114	836,890,045
SEGMENT ASSETS	940,014,784		940,014,784

[K] EARNINGS PER SHARE

		Previous Year
Basic Earnings Per Share	8.62	14.56
Diluted Earnings Per Share	8.62	14.56
Nominal value per share	Rs.10	Rs.10

2 [i] Cash Credit is secured by a first charge on the whole of stocks of raw materials, receivables and book debts and charge on whole of immovable properties and plant and machinery.

3 Sales Tax Deferment Accounts

[i] The Interest free deemed loan from Gujarat Industrial Investment Corporation Ltd. against deferment of Sales Tax is fully repaid during the year. (Previous Year Rs. 520,662/-).

[ii] Rs. 3,759,189 (Rs. 5,591,524) being Sales tax deferment received on account of Windmills.

4 Contingent liabilities not provided for

	Rupees	Previous Year Rupees
[i] Guarantees issued by Banks	78,753,465	69,231,374
[ii] L/C opened but goods yet to be received	51,274,875	70,921,909
[iii] Corporate guarantees given	12,500,000	12,500,000

5 A. RELATED PARTY DISCLOSURE FOR THE YEAR ENDING 31-03-2003

[i] Associate	:	Elecon Engineering Co. Ltd Wizard FinCap Ltd Power Build Elecon Gears Ltd
[ii] Relative of key management personnel	:	Nabson Engineering Ltd Sound-Tech Machinist Pvt. Ltd
[iii] Enterprise indirectly controlled	:	Emtici Engineering Ltd VVN Mfg. & Investa Ltd Prayas Castings Ltd Ringspan Elecon Ltd Power Build Ltd Bhatru Holding Pvt. Ltd Narmada Travels Ltd Elecon Information Technology Limited Akaish Mechatronics Ltd
[iv] Collaborators	:	Sandvik Tamrock Secoma S. A., France Sandvik Asia Ltd., Pune Sandvik SMC Distribution - Singapore Eimco Great Britain Ltd., UK Driltech Mission Inc-USA

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

PARTICULARS

NATURE OF RELATIONSHIP	ASSOCIATE		RELATIVE OF KEY MANAGEMENT PERSONNEL		ENTERPRISE INDIRECTLY CONTROLLED		COLLABORATORS		GRAND TOTAL	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
SALES	2,001,299	1,509,265	-	-	811,912	33,825	-	-	2,813,211	1,543,090
PURCHASES	6,179,447	2,097,819	-	590,178	30,475,607	17,698,852	94,149,165	11,107,496	130,804,219	31,494,345
PROVI./RECEIPT OF										
MGT/OTH SERV.	2,972,259	446,285	-	-	91,413,467	73,769,931	129,316	4,871,442	94,515,042	79,087,658
LOANS GIVEN	16,600,000	21,700,000	-	-	10,000,000	18,000,000	-	-	26,600,000	39,700,000
LOANS TAKEN	-	-	-	-	-	-	-	-	-	-
SALES OF FIXED ASSETS	22,500	284,122	-	4,375	6,000	1,137,560	-	-	28,500	1,426,057
PURCHASE OF FIXED ASSETS	10,661,455	35,935,816	-	-	377,000	1,412,980	-	-	11,038,455	37,348,796
RENT INCOME	2,970,324	9,604	-	-	11,297	84,140	-	-	2,981,621	93,744
RENT EXPENSES	588,708	758,900	-	-	8,400	192,350	-	-	597,108	951,250
ASSETS LEASE EXP.	2,926,506	1,465,516	-	-	2,080,372	-	-	-	5,006,878	1,465,516
ASSETS LEASE INCOME	-	1,478,304	-	-	915,840	461,970	-	-	915,840	1,940,274
GUARANTEE GIVEN/TAKEN	12,500,000	12,500,000	-	-	-	-	-	-	12,500,000	12,500,000
ROYALTY	-	-	-	-	-	-	473,670	-	473,670	-
TECHNICAL KNOWHOW FEES	-	-	-	-	-	-	1,018,780	-	1,018,780	-
PROVISION FOR DOUBTFUL/BAD	-	-	-	-	-	-	-	-	-	-
DEBTS	-	-	-	-	-	-	-	-	-	-
BALANCE O/S AT THE YEAR END	851,714	630,244	-	-	9,984,043	5,536,525	2,307,436	1,935,789	13,143,193	8,102,558

5 B. Disclosure of Loans & Advances to Associates/Companies in which Directors are interested	Amount outstanding as on 31.03.2003	Maximum amount outstanding during the year
Elecon Engineering Company Ltd.	-	29,200,000
Prayas Castings Ltd.	2,000,000	8,000,000
Wizard Fincap Ltd.	-	1,700,000
Elecon Information Technology Ltd.	-	1,000,000

As at the year end, the company:

- a) has no Subsidiaries;
- b) has no loans, Wherein there is no repayment schedule or repayment is beyond seven years.

6 Computation of Net Profit in accordance with Sec. 349 read with Sec. 309(5) & Sec. 198 of the Companies Act, 1956 for Managerial Remuneration.	Rupees	Previous Year Rupees
Net Profit as per Profit and Loss Account	49,651,826	83,963,011
Add :		
[i] Depreciation as provided in books	40,223,627	35,776,454
[ii] Provision for Taxation	30,500,000	32,400,000
[iii] Provision for Deferred Taxation	210,778	13,849,754
[iv] Whole-time Director's remuneration	2,389,753	1,911,195
[v] Managing Director's remuneration	4,396,850	2,172,003
[vi] Directors' Fees	135,000	97,000
[vii] Loss on sale of Fixed Assets	2,194,582	-
[viii] Provision for Diminution in value of investments	-	1,703,280
	129,702,416	171,872,697
Less :		
[i] Profit on sale of Fixed Assets as per Profit and Loss Account	-	393,245
[ii] Excess provision written back	774,280	-
	128,928,136	171,479,452
Less :		
[i] Depreciation as per Section 350 of the Companies Act, 1956	40,223,627	35,776,454
Add: [i] Profit/Loss on sale of Fixed Assets as per Section 350.	-	-
Net Profit	88,704,509	135,702,998
Commission to Wholetime Director @ 1% on Rs. 88,704,509/- i.e. Rs. 887,045/- but restricted to 50% of salary	630,000	520,000
Commission to Managing Director provided at	-	600,000

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

7 Licensed & installed capacity & production

Class of Products.		Licensed Capacity	Installed Capacity*	Actual Production	Previous Year		
					Licensed Capacity	Installed Capacity*	Actual Production
I Tunnelling Loaders with various attachments other than Road Headers	Nos.	300	225	108	300	225	119
II Drilling & Roof Bolting Jumbo for mining	Nos.	55	30	—	55	30	—
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	Nos.	50	30	—	50	30	—
IV Air Motors	Nos.	500	300	107**	500	300	77**
V Spares for above	Lacs	1400	2500	4,204.75 (sales value)	1400	2500	4,290.57 (sales value)
VI Hydraulic Cylinders	Nos.	3000	2000	1065***	3000	2000	951***
VII Blasthole & Water well drilling rigs	Nos.	50	10	1	50	10	—

* Installed capacity is as certified by a Director and accepted by the Auditors, being a technical matter.

** Includes 25 (12) numbers for captive consumption.

*** Includes 576 (582) numbers for captive consumption.

8 Stock

	Opening Stock		Closing Stock		Previous Year		Year	
	Nos.	Value	Nos.	Value	Opening Stock		Closing Stock	
					Nos.	Value	Nos.	Value
I Tunnelling Loaders with various attachments other than Road Headers	—	—	—	—	4	345,999	—	—
II Drilling & Roof Bolting Jumbo for mining	—	—	—	—	—	—	—	—
III Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	—	—	—	—	—	—	—	—
IV Air Motors *	3	72,261	1	23,705	7	111,439	3	72,261
V Spares for above	—	181,956,246	—	156,020,844	—	197,402,471	—	181,956,246
VI Hydraulic Cylinders*	103	1,247,273	158	2,947,904	188	5,615,996	103	1,247,273

* Figures for opening and closing stock include figures in respect of Air Motors, Spares and Hydraulic Cylinder for captive consumption.

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

9 Turnover

	Nos.	Value Rupees	Previous Year	
			Nos.	Value Rupees
I Tunnelling Loaders with various attachments other than Road Headers	106	378,038,744	120	325,592,888
II Mining Machinery viz., Off-The Highway Dumpers of various types including Articulated profile	—	—	—	—
III Air Motors	84	3,776,945	69	2,023,590
IV Spares for above	—	420,475,029	—	429,056,975
V Hydraulic Cylinders	434	6,493,883	475	2,183,700
VI Blasthole & Water well drilling rigs	1	12,300,000	—	—
		821,084,601		758,857,153

10 Consumption of Raw Material

Spares & Components	Quantity	Value Rupees	Previous Year	
			Quantity	Value Rupees
Casting	Nos. 19372	12,664,371	16277	10,032,681
Forgings	Nos. 2207	1,578,352	1790	1,533,531
Bearings	Nos. 17882	8,472,513	25709	9,619,813
Round Bars and Plates	Tons 1820	24,302,273	984.67	27,168,951
Other Raw Materials, Spares & Components		414,403,944		345,741,619
		461,421,453		394,096,595

11 Value of raw materials, spares and components consumed

	Value Rupees	% of Total	Previous Year	
			Value Rupees	% of Total
Imported	205,509,027	45	252,276,463	64
Indigenous	255,912,426	55	141,820,132	36
	461,421,453	100	394,096,595	100

12 Value of Stores Consumed

Imported	—	—	—	—
Indigenous	7,912,380	100	6,602,968	100

EIMCO ELECON (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Rupees	Previous Year Rupees
13 CIF value of Imports in respect of :		
Components and spares	186,414,389	165,830,730
Capital Goods	22,212,310	33,931,663
14 Earning in Foreign exchange on account of exports calculated on FOB basis :		
Sales	1,276,113	7,766,209
Commission	182,914	4,379,389
15 Expenditure in Foreign currency:		
Travelling	2,195,873	3,197,973
Interest	1,717,132	19,020
Others	5,008,331	—
16 Amount remitted during the year in foreign currency on account of dividend :		
Number of Non-resident shareholders	1	1
Number of shares held on which dividend was due	1,447,875	1,447,875
Year to which dividend relates	2001-02	2000-01
Amount remitted (net of tax)	4,061,290	4,343,625
17 INFORMATION REGARDING ASSETS TAKEN ON OPERATING LEASE		
Lease Rent outstanding as on 31st March 2003 payable as under		
Not later than one year	720,000	1,320,000
Later than one year but not later than five years	1,440,000	1,760,000
Later than five years	—	—
INFORMATION REGARDING ASSETS GIVEN ON OPERATING LEASE		
Lease Rent outstanding as on 31st March 2003 receivable as under		
Not later than one year	13,200	13,200
Later than one year but not later than five years	18,700	31,900
Later than five years	—	—
18 Total Outstanding Dues of Small Scale Industrial Undertaking (Refer Annexure 1)	5,759,212	7,347,931
Total Outstanding Dues of Creditors other than Small Scale Industrial Undertaking	81,661,741	56,225,579
<p>A small scale industrial undertaking has the same meaning as assigned to it under clause(j) of Section 3 of the Industries (Development and Regulation) Act, 1951.</p>		
19	Figures of the previous year have been shown in brackets.	
20	Figures of the Previous Year have been regrouped wherever necessary to confirm to current year's classifications.	

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

NOTES FORMING PART OF ACCOUNTS (Contd.)

Annexure 1

The names of the Small Scale Industrial Undertaking to whom the Company owes a sum which is outstanding for more than 30 days.

Sr.No.	Vendor Name	Amount (Rs.)
1	K.B.ENGINEERS PVT. LTD.	964,766.10
2	MINE LINE PVT LTD.	799,333.88
3	AIR TOOLS INDUSTRIES	559,554.66
4	RAJ ENGINEERING WORKS	466,474.40
5	PRITESH INDUSTRIES	363,072.72
6	ENGINEMATES HEAT TRANSFER	363,673.00
7	PRAYAS CASTINGS LTD.	306,826.04
8	SPECTRAM ENGINEERS	255,150.76
9	METAL TREAT INDUSTRIES	155,723.50
10	BHAGWATI FILTERS PVT. LTD.	147,161.00
11	RUPKALA ENGINEERING WORKS	120,828.00
12	UNIQUE FORGINGS	104,470.00
13	MACHINE TOOLS ENGINEERING	103,008.60
14	SEJAL ENGINEERING COMPANY	100,716.00
15	MICRO SYSTEM	96,678.10
16	JASHPARAM ENGG.PVT.LTD.	90,951.91
17	BARODA CAP LINERS	62,879.70
18	HI-TECH ENGINEERS	59,526.00
19	UNIVERSAL GASKET MFG.CO.	58,405.08
20	VIN-FAB INDUSTRIES	55,051.00
21	MICROFINE PRODUCT	49,460.50
22	INDTECH ENGINEERS	43,486.66
23	TORK FASTNERS (I) PVT.LTD.	42,746.32
24	BALAJI METAL LABEL INDUSTRY	36,622.55
25	BOMBAY METAL & STEEL TRADERS	34,944.00
26	SAFEX (INDIA)	34,289.40
27	MULTI METALS	34,083.00
28	SHREE ENGINEERING WORKS	28,808.63
29	HETAL ENGG.WORKS	27,835.00
30	KENT INDUSTRIES	27,316.51
31	LUCKY STEEL INDUSTRIES	26,339.56
32	NILKANTH ENGG.WORKS	23,703.00
33	RUCHI MANUFACTURERS	19,954.00
34	HYDRO DYNE INDUSTRIES	19,506.24
35	INDUSTRIAL ENTERPRISES	17,542.00
36	W.I.HEAT TREATERS & CONSULTANTS	13,157.00
37	MELDY FASTNERS	11,886.00
38	ROTOMAG MOTORS & CONTROLS	10,524.00
39	MODERN ENGG.& SPRING CO.	6,319.00
40	YASU ENGINEERS	4,698.00
41	EKO RUBBER INDUSTRIES	4,104.00
42	AUTOCOM INDUSTRIES	2,408.28
43	SHREE NATHJI ENGG.CO.	2,169.47
44	UNIVERSAL OIL SEAL MFG.CO.PVT.LTD.	1,815.10
45	AKVIM INDUSTRIES	933.00
46	HY-TECH ENGG. PVT.LTD.	310.00
	TOTAL	5,759,211.67

SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

SCHEDULE - 12

21 Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. Thousands)

Public issue	Right issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus issue	Private placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="5"/>
Paid-up Capital	Reserve & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="5"/>
Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	Deferred Tax Liability
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="8"/>

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/>
Profit/Loss Before Tax	Profit/Loss After Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="0"/>
Earnings per Shares	Dividend Rate
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="3"/> <input <="" td="" type="text" value="%"/>

V. Generic names of Three Principal Products/Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="2"><input type="text" value="0"/><input type="text" value="."/><input type="text" value="0"/><input type="text" value="0"/></input>	<input type="text" value="Side Dump Loaders (SDL)"/>
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="1"/>	<input type="text" value="Load Haul Dumpers (LHD)"/>
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="Blasthole & Water Well Drilling Rigs"/>

As per our report of even date attached

For TALATI & TALATI
Chartered Accountants

UMESH H. TALATI
Partner

Ahmedabad
7th June, 2003

For and on behalf of the Board

B. I. PATEL - Chairman & Managing Director

P. B. PATEL
WERNER KRAHER
HANS C. GASS - Directors

C. T. DAVE - Executive Director

Klagenfurt
3rd June, 2003

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2003

	Rupees	31.03.2003 Rupees	31.03.2002 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before Interest, Tax and extraordinary items		93,639,316	147,027,016
Adjustment for :			
1. Depreciation/misc. expenses written off		40,223,636	36,539,176
2. Foreign Exchange		—	—
3. Dividend		-92,140	-1,161,375
4. Interest		-5,984,768	-4,709,084
Operating profit before working capital change		127,786,044	177,695,733
Adjustments for :			
Trade and other receivables		-49,490,674	-18,391,582
Inventories		31,446,432	23,156,484
Trade Payables		27,594,801	-37,668,614
		9,550,559	-32,903,712
Cash generated from operations		137,336,603	144,792,021
Interest paid		10,540,402	10,336,724
Direct Taxes paid		22,438,489	36,184,924
		32,978,891	46,521,648
Cash Flow before extraordinary items		104,357,712	98,270,373
Extraordinary items		-541,728	-6,870,772
NET CASH FROM OPERATIONS		103,815,984	91,399,601
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of fixed assets		57,604,135	101,199,207
Sale of fixed assets		-5,034,460	-2,129,528
Acquisition of companies		—	—
Purchase of Investments		603,505	
Sale of Investments		—	-12,294,505
Interest Received		-5,984,768	-4,709,084
Dividend received		-92,140	-1,161,375
NET CASH USED IN INVESTING ACTIVITIES		47,096,272	80,904,715

EIMCO ELECON (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2003 (Contd.)

	31.03.2003 Rupees	31.03.2002 Rupees
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	—	—
Proceeds from Long term borrowings	—	—
Repayment of finance lease liabilities	—	—
Dividend Paid	-21,474,616	-17,305,155
Increase in borrowing for working capital	-1,942,772	-35,516,498
NET CASH USED IN FINANCING ACTIVITIES	-23,417,388	-52,821,653
NET INCREASE IN CASH OR CASH EQUIVALENTS	33,302,324	-42,326,767
CASH OR CASH EQUIVALENTS AS AT 01-04-2002 (Opening balance)	57,391,832	99,718,599
CASH OR CASH EQUIVALENTS AS AT 31-03-2003 (Closing balance)	90,694,156	57,391,832

For and on behalf of the Board

B. I. PATEL – *Chairman & Managing Director*

P. B. PATEL
WERNER KRAHER
HANS C. GASS] – *Directors*

C. T. DAVE – *Executive Director*

Klagenfurt
3rd June, 2003

AUDITORS' CERTIFICATE

We have verified the above cash flow statement of Eimco Elecon (India) Limited derived from the audited annual financial statements for the years ended March 31, 2003 and March 31, 2002, and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For TALATI & TALATI
Chartered Accountants

Place : Ahmedabad
Date : 7th June, 2003

UMESH H. TALATI
Partner

EIMCO ELECON (INDIA) LTD.

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

FOR MEMBERS' IMMEDIATE ATTENTION

In order to ensure that the dividend warrant is not encashed by any person other than the members, it is proposed to indicate the Bank Account No. of the member on the dividend warrant itself. Members are therefore requested to please return this form to registrars & Transfer Agents immediately duly filled in :

1. Name of the Member _____
2. Register Folio No. _____
3. No. of shares held _____
4. Name of the Bank & branch where the shareholder operates his account _____
5. A/c No. _____

Date : _____

Sign : _____

----- CUT HERE -----

EIMCO ELECON (INDIA) LTD.

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

PROXY FORM

I/We _____ of
_____ in the district of _____
_____ being a Member/s of EIMCO ELECON (INDIA) LTD. hereby appoint
Mr./Mrs. _____ of _____
_____ in the district of _____ or failing him/her,
Mr./Mrs. _____ of _____
_____ in the district of _____ as my/our proxy to
attend and vote for me/us and on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company to be held on
Saturday, the 27th September 2003, at 3.00 p.m. at the Registered Office at Vallabh Vidyanagar - 388 120, and at any
adjournment thereof.

Signed this _____ day of _____ 2003.

LF No.
No. of Shares held

Signature _____

Affix 30 P Revenue Stamp

This form is to be used *in favour of/against the resolution. Unless otherwise instructed, the Proxy will act as he/she thinks fit.

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

* strike out whichever is not desired.

BOOK – POST

IF UNDELIVERED PLEASE RETURN TO :

**EIMCO ELECON (INDIA) LIMITED,
VALLABH VIDYANAGAR - 388 120,
GUJARAT.**