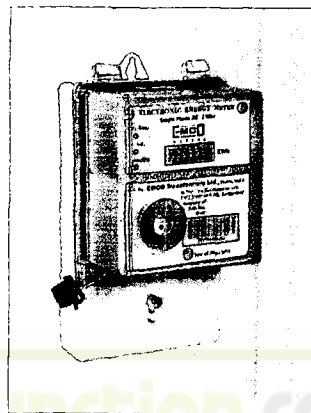
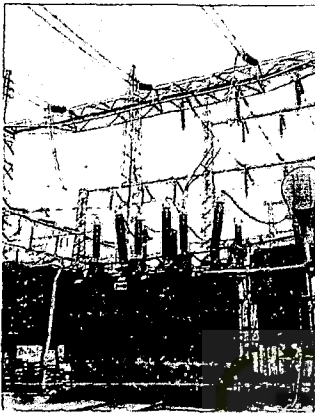


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EMCO

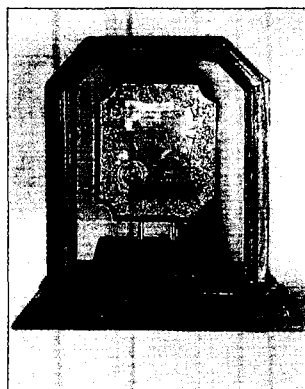
Annual Report 1998



INDIAN INSTITUTION OF INDUSTRIAL ENGINEERING

National Headquarters : NITIE P.O. Vihar Lake Road, Mumbai 400 087

CITATION



Emco's technology absorption efforts, self reliance to independently design and manufacture transformers of 220 KV class and special transformers (Furnace, Rectifier) and their R&D efforts towards technology upgradation as well as their constant efforts to improve productivity through small group activities, suggestion schemes, cordial industrial relations, efficient methods of working, environmental protection etc. fetches them **THE VERY GOOD PERFORMING PRIVATE SECTOR ENTERPRISE AWARD** instituted by Indian Institution of Industrial Engineering for the year 1996-97.

Chairman
I.I.E. National Council

President
I.I.E. National Council

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NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of **EMCO TRANSFORMERS LIMITED** will be held at N-104, MIDC Area, Jalgaon 425 003 on 19th September, 1998 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare a Dividend.
- 3) To appoint a Director in place of Mr. S.S.Jain who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. R.S.Shah who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors and to fix their remuneration.

By order of the Board

for **EMCO TRANSFORMERS LIMITED**

ATUL MODI

General Manager - Corporate Affairs
& Company Secretary

Place : Thane.

Date : 16th June, 1998.

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. A PROXY FORM IS ENCLOSED HEREWITH. ALL PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Members are requested to notify change in their address, if any, quoting their folio number.
3. The Register of Members and Share Transfer books of the Company will remain closed from 9th September, 1998 to 19th September, 1998 (both days inclusive).
4. The dividend as recommended by the Directors, if declared at the meeting will be payable to those shareholders registered in the Register of Members of the Company as on 19th September, 1998.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956 and as required by Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 the Company has transferred unclaimed dividends for the financial year 1993-94 and unpaid interim dividend for the financial year 1994-95 to the General Reserve Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd floor, Kala Chowki, Mumbai 400 033 after complying the procedure prescribed thereof.

Pursuant to above Rules, the unpaid final dividend for the Financial year 1994-95 will be transferred to the Central Government after 26th October, 1998. Members are therefore, requested to claim their unpaid dividend, if any, in respect of this financial year before 12th October, 1998.
6. With view to provide protection against fraudulent encashment of dividend warrants, the members are requested to inform the Company of their Bank Account Number, Name and Address of the Bank by 9th September, 1998 for incorporation of the same in the Dividend Warrant. Members will appreciate that the Company will not be responsible for any loss arising out of fraudulent encashment of dividend warrants.

By order of the Board

for **EMCO TRANSFORMERS LIMITED**

ATUL MODI

General Manager - Corporate Affairs
& Company Secretary

Place : Thane.

Date : 16th June, 1998.





ATTENDANCE SLIP

EMCO TRANSFORMERS LIMITED

Registered Office : N-104, M.I.D.C Area, Jalgaon 425 003.

Please fill attendance slip and hand it over at the entrance of the meeting hall.

Master Folio No.

No. of Shares held

Name and Address of the Shareholder

I/We hereby record my/our presence at the 33rd ANNUAL GENERAL MEETING of the Company held on the 19th September, 1998 at 3.00 p.m. at N-104, M.I.D.C Area, Jalgaon 425 003.

Signature of the Shareholder or Proxy

----- TEAR HERE -----

PROXY FORM**EMCO TRANSFORMERS LIMITED**

Registered Office : N-104, M.I.D.C Area, Jalgaon 425 003.

Master Folio No.

No. of Shares held

*I/We

ofbeing a member/members of

EMCO TRANSFORMERS LIMITED hereby appoint

of

or failing him of

as my/our proxy to vote for me/us and on my/our behalf at the 33rd Annual General Meeting to be held on 19th September, 1998 at 3.00 p.m. and at any adjournment thereof.

Signed this day of 1998.

Affix
Revenue
Stamp
Re. 1.00

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

* Strike out whichever is not applicable.



BOARD OF DIRECTORS

R. S. Jain
Chairman & Managing Director

M. A. Pandit

T. N. V. Ayyar

Bhaskar Sen
Executive Director

R. S. Shah
Director-Technical

S. S. Jain
JT. Managing Director

Regional Offices

Mumbai
41/43, Nariman House,
Police Court Lane,
4th Floor, Fort,
Mumbai 400 001.
Phone : (022) 2656399/6400
Fax : (022) 2622991

Delhi
Office No. E-6,
2nd Floor, J-Block Market,
Saket, New Delhi 110 017
Phone: (011) 6852239/6963575/76
Fax : (011) 6963574

Calcutta
16-A, Shakespeare Sarani,
Calcutta 700 017
Phone: (033) 2428697/2103401
Fax : (033) 2481322

Chennai
Bhattad Complex,
3rd Floor, No.30,
West Cott, Royapettah,
Chennai 600 014
Phone: (044) 8552986/87
Fax : (044) 8533423

Branch Offices

Secunderabad-500 003
Phone: (040) 818 279

Bangalore-560 076
Phone: (080) 663 4522

Indore-452 010
Phone: (0731) 551 184/559 980

Baroda-390 007
Phone: (0265) 322 985/320 959

Nagpur-440 010
Phone: (0712) 520 757/535 757

Head Office

Plot No. F-5, Road No. 28,
Wagle Industrial Estate,
Thane 400 604.
Phone (022)5480517/26/5321547
Fax (022) 5320571/5480527
E-Mail : bombay.emco@axcess.net.in
Internet : emcomumb@bom2.vsnl.net.in
Website : <http://www.emcoindia.com>

Registered Office

N-104, MIDC Area,
Jalgaon 425 003, Maharashtra.
Phone : (0257) 210362/210872
Fax : (0257) 210098

Works at

Plot No. F-5, Road No. 28,
Wagle Industrial Estate,
Thane 400 604.

N-104, MIDC Area,
Jalgaon 425 003,
Maharashtra.

Company Secretary

Atul Modi

Auditors

P. Raj & Co.
Chartered Accountants

Solicitors

Shah, Desai, Doijode &
Phatarphekar

Bankers

Dena Bank
The Sakura Bank Ltd.
ANZ Grindlays Bank
HDFC Bank Ltd.



RAJESH S. JAIN
Chairman & Managing Director

The Power Shortage Scenario can worsen

UNDERSTANDING AND MANAGING INDIA'S POWER CRISIS

Emco is Powerfully Positioned to take up the Mega Emerging Opportunities in the Transmission and Distribution Sector.

The subject of "Power Shortage" or "Power Crisis" in our country has been one of intense debates and discussions. We at Emco, while doing our exercise on "Next Millennium Opportunities", identified a different dimension of this problem, which if implemented rightly, could become the quickest remedy of this unending discussions and debates !

Power Demand And Supply

Bln. KWH

YEAR	Installed Capacity (in MW)	Demand	Supply	Deficit	Shortage %	Peak Shortage %
1990-91	66086	267.6	246.6	21.1	7.9	n.a
1991-92	69065	289.0	266.4	22.6	7.8	18.8
1992-93	72330	305.3	279.8	25.5	8.4	20.5
1993-94	76753	323.3	299.5	23.8	7.4	18.3
1994-95	81171	352.3	327.3	25.0	7.1	16.5
1995-96	83288	389.7	354.0	35.7	9.2	18.3
1996-97	85724	424.2	365.9	58.3	13.7	20.2

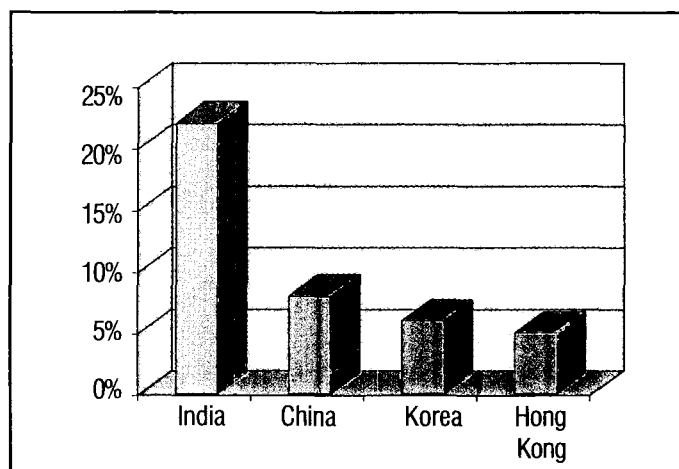
The compounded average growth of Power Generating Capacity, Demand and Supply for power has been **4.4%**, **7.9%** and **6.8%** respectively in the period 1990-1997.

Transmission and Distribution Losses are the biggest causes of Power Shortage

The Government of India has, for some years now, a policy of increasing the ratio of rural electrification every year. By the end of 1995, a total of 86 % of our rural villages had electrification program. The unfortunate consequence of this is that it makes very much harder to increase the overall efficiency of the T&D System. This is because of the technical fact that the highest energy losses in T&D systems occur with lower voltage transmissions. Rural electrification, invariably requires the long-distance transmission of electricity at low voltages.

Leading the change in power T&D System in India

India has one of the highest T & D losses in the world !



India loses about 40 billion units, about 23 % of total power generated. A loss of about Rs. 800 crs per annum!

Due to most of our power distribution taking place in the form of Low Voltages, the theft has become rampant. Most of the State Electricity Boards are running into huge losses for these reasons. Not only that, there are other grave consequences never realised consciously viz. it impacts the overall power tariff. Due to a comparatively higher tariff, we as a nation, lose out on international competitiveness in many industries.

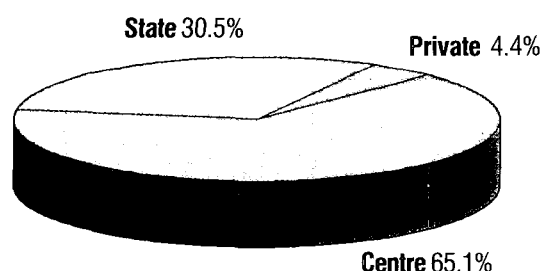
Report



The responsibility for electricity supply is mostly shared between the Government and the States. Though there are a few private distribution companies who own and operate transmission lines for power generated by them (Like BSES, CESC), yet there are no private companies engaged in transmission alone.

At present, the Power transmission is undertaken by SEBs and the Power Grid Corporation of India Ltd. (PGCIL). The SEBs build and operate transmission lines of a capacity less than 220 kv, within states. PGCIL builds and operates transmission lines of a 400 kv capacity inter-state lines and lines from central generating stations.

DISTRIBUTION OF GENERATING CAPACITY



Major Transmission Lines Constructed (in circuit kms.) - Always Off Target !

YEAR	400 kV		220 kV	
	Target	Actual	Target	Actual
1980-81	415	223	5545	3476
1990-91	3240	4725	3048	4300
1991-92	2878	2358	3025	2909
1992-93	2490	1957	3284	3037
1993-94	1423	987	2970	1837
1994-95	1506	995	3100	1757
1995-96	1898	n.a.	2115	n.a.

Ambitious Ninth Plan Targets

Sector	Capacity Addition	%
Central Sector	11909 MW	29.59
State Sector	10748 MW	26.71
Private Sector	17589 MW	43.70
9th Plan Target	40246 MW	100 .00

Energy Sector has received the highest allocation for the Ninth plan period

Out of the total public sector outlay of Rs. 8,75,000 crs. for the 9th plan period, the energy sector has received the highest allocation of 25.4% or Rs. 2,22,250 crs.

An estimated Rs. 57,000 crs. would be required during the 9th plan itself for transmission system network in the country. The SEBs would be mobilising Rs. 30,000 crs. PGCIL plans to spend Rs. 13,000 crs. An additional Rs. 14,000 crs would be invested to build transmission system to evacuate power from the IIP's.

These plans would further accentuate the demand for the robust Transmission and Distribution Network and we shall see increasing investments in the sector.

There is an urgent need to remove Transmission and Distribution bottlenecks

Possible Solutions

The Indian Power Sector Reforms have always been more lopsided towards the "Power Generation" segment. We believe, the more urgent need was always for taking control over the Transmission and Distribution and make a correction over there first. As on date, around **3000 MW** of power remains unutilised due to Transmission bottlenecks. The existing distribution cannot handle the extra power being planned and would collapse.